

ANNUAL REPORT
2019



INVOCATION

Let me be a channel of peace	May I seek to comfort rather than be comforted
Where there is hatred, let me sow love	To understand, rather than be understood
Where there is injury, pardon	To love, rather than be loved
Where there is doubt, faith	For it is in giving that we receive
Where there is despair, hope	And in forgiving that we are forgiven
Where there is darkness, light	Amen
And where there is sadness, joy	

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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 2018
6. Report of the Board of Directors
7. Community Report
8. Consideration of Accounts
9. Report of the Auditor
10. Declaration of Dividend
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 Marketing & Membership Committee
17. Report of the Governance & Nomination Committee
18. Report of the Audit, Risk & Compliance Committee
19. Rule Amendments and Motions
20. Announcement of election results
21. Guest Speaker – 12.30pm*
22. Any Other Business
23. AGM Prize Draws
24. 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 11th January 2020, to: agm@capitalcu.ie



REPORT OF THE CHAIRPERSON



On behalf of your Board of Directors, I am delighted to welcome you to our 53rd AGM and I am pleased to report that Capital Credit Union had another very successful year in 2019.

Providing the best service to you, our members, is always our foremost consideration. With this in mind, the Board, staff and volunteers have worked together to make Capital Credit Union one of the strongest community-based Credit Unions in the country with assets now standing at over €250 million.

We have had a very busy year – some of the highlights include the official opening of our new office in Leopardstown in March. As anticipated, this led to a significant increase in new members in this area. In May, Sundrive Credit Union's Transfer of Engagements to Capital Credit Union was successfully completed and this has become one of our busiest offices – we are delighted to welcome the staff and members from Sundrive to Capital Credit Union. In November, we had our biggest ever Scholarship draw with over 200 entries – 20 members received €1,500 each towards their 3rd level costs. You are probably all familiar with our advertising and marketing campaigns which have been very well received. One of the positive outcomes of our campaigns is the very healthy growth in new members this year, at over 2,700. Our Community Council has continued to be active in promoting and sponsoring local clubs and charities in all our branches. This year, we are embarking on a number of major projects, including an overhaul of our IT Systems – this will significantly improve our IT framework and will enable us to develop and progress new services to our members. I am delighted to announce that, in co-operation with a group of other progressive Credit Unions, we will also be rolling out new general insurance services to our Members in 2020, which is a significant, positive, development for the whole Credit Union sector.

2019 has seen an increase in lending, with our loan book growing to just under €74.6m, an increase of over 16% this year. However, falling deposit interest rates and low returns on investment income mean that the Credit Union is now even more dependent on the loan book as our main source of income. In these uncertain times, with the outcome of Brexit not known and the possibility of another recession looming, we are recommending a Dividend of 0.15%, which is still significantly better than rates available from the banks. We have decided not to propose an interest rebate this year, given the uncertain economic outlook. The Board's main focus is to be prudent, to protect members' savings and continue to build a strong, safe Credit Union while developing modern, great value services for our Members. We continue to invest in our Members, particularly our younger Members through the Scholarship Scheme, the School Savings Scheme and through our Secondary School Studyclix Programme. The Credit Union has invested over €40,000 in these projects alone.

I would like to pay tribute to our founders and previous Board Members, particularly Frank Nolan who stepped down during the year. Many thanks to our CEO Gerry McConville, Pat Byrne, Pauline Hayden and the rest of the staff for all their hard work and assistance to the Board during the year. Particular thanks to our previous Risk & Compliance Officer, Maria Kane, who has moved

REPORT OF THE CHAIRPERSON

on – and welcome to our new staff and volunteers who joined us during the year. Special thanks also to the current Board who have worked so hard this year to ensure the continued success of the Credit Union. There is a huge time commitment involved, not just in attending Board and other meetings, but in undertaking continuous training and ensuring policies and procedures are in compliance with the regulatory requirements of the Central Bank.

We will, as always, focus on what really matters – improving services to our members.

Karen Cashman

Karen Cashman, Chairperson



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DIRECTORS AND OTHER INFORMATION

DIRECTORS

Karen Cashman (Chairperson)	Arthur O'Leary
Peter Morrissey (Vice Chairperson)	Elaine Edmonds
Ann Walsh (Secretary)	Jim Kelly
Derek Tracy	Michele Brady
John O'Neill	Marguerite Slyne

BOARD OVERSIGHT COMMITTEE MEMBERS

Sean Smyth
Jack Grehan
Rachel McCormac

CREDIT UNION NUMBER

255CU

CHIEF EXECUTIVE OFFICER

Gerard McConville

REGISTERED OFFICE AND BUSINESS ADDRESS

Main Street, Dundrum, Dublin 14, Ireland

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 30th September 2019

The Directors present their report and the audited financial statements for the year ended 30th September 2019.

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 not lending a sufficient proportion of funds, so that too much of the Credit Union's resources are tied up in investment products, and loan default. These risks are managed by the Credit Union's Board so as to achieve an acceptable balance of 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.

Directors and Board Oversight Committee Members

The current Directors and Board Oversight Committee members are as set out on page 4.

In accordance with Section 53 of the Credit Union Act 1997 (as amended), two Directors of the Credit Union are required to retire from the Board at this year's Annual General Meeting. Being eligible, the Directors offer themselves for re-election.

Authorisation

The Credit Union is authorised to conduct investment business. 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 the Credit Union's Head Office, Main Street, Dundrum, Dublin 14.

Post Balance Sheet Events

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



DIRECTORS' REPORT

for the year ended 30th September 2019

Auditors

The auditors, Whelan Dowling & Associates, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Acts 1997 to 2018.

Approved on behalf of the Board of Directors

Member of the Board of Directors:

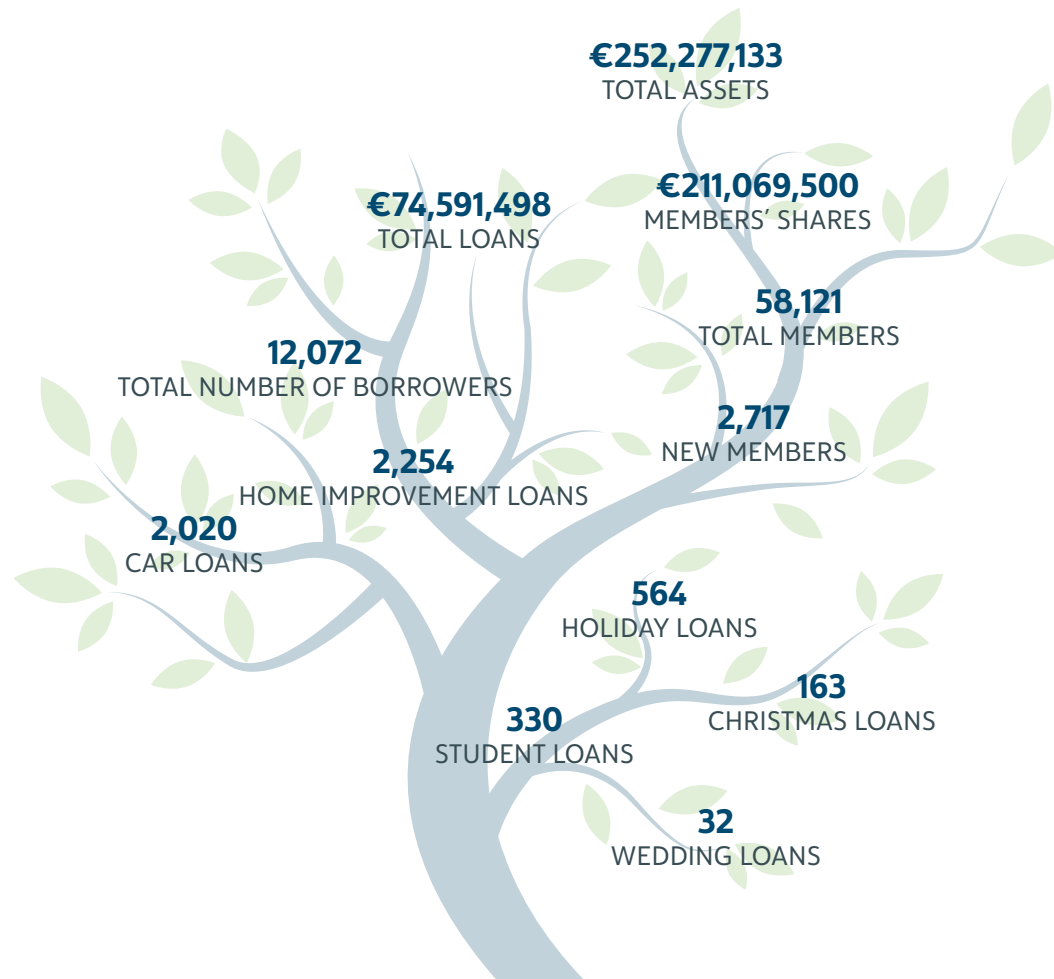
Michele Brady

Member of the Board of Directors:

Karen Cashman

Date:

22nd October 2019



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Credit Union Acts 1997 to 2018 require 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 a 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 FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland". They are responsible for safeguarding the assets of the Credit Union and 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 Credit Union'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

Chairperson

Michele Brady

Director

Date: 22nd October 2019

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

The Credit Union Acts 1997 to 2018 require the appointment of a Board Oversight Committee to assess whether the Board of Directors has 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 Acts 1997 to 2018 and any other matter prescribed by the Central Bank in respect of which they are to have regard in relation to the Board.

Approved on behalf of the Board Oversight Committee

Members of the Board Oversight Committee

Rachel McCormac

Member of the BOC

Jack Grehan

Member of the BOC

Date: 22nd October 2019



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 30th September 2019 which comprise the Income & Expenditure 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 Acts 1997 to 2018.

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 30th September 2019 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 Acts 1997 to 2018.

Basis for Opinion

We conducted our audit in accordance with the 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.

Key Audit Matters

Opinions on other matters prescribed by the Credit Union Acts 1997 to 2018

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.

Respective responsibilities

Responsibilities of Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities as set out on page 9, 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 Acts 1997 to 2018. 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

22 October 2019

INCOME & EXPENDITURE ACCOUNT for the year ended 30th September 2019

		2019	2018
	Notes	€	€
Income			
Interest on members' loans	5	6,022,808	4,995,969
Other interest income and similar income	6	1,236,666	1,489,920
Net interest income		7,259,474	6,485,889
Other income	8	91,770	101,371
Total income		7,351,244	6,587,260
Expenditure			
Employment costs		2,714,863	2,195,734
Other management expenses (Schedule 4)		3,059,412	2,845,688
Depreciation		229,439	180,077
Net (recoveries) or losses on loans to members	12.4	(363,892)	(515,789)
Total expenditure		5,639,822	4,705,710
Excess of Income over Expenditure		1,711,422	1,881,550
Other comprehensive income		-	200,000
Total comprehensive income		1,711,422	2,081,550

The financial statements were approved and authorised for issue by the Board of Directors on 22nd October 2019 and signed on its behalf by;

Chairperson:	<u>Karen Cashman</u>
Member of the Board Oversight Committee:	<u>Jack Grehan</u>
Chief Executive Officer:	<u>Gerard McConville</u>
Date:	22nd October 2019



STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 30th September 2019

	2019	2018
	€	€
Surplus for the financial year	<u>1,711,422</u>	<u>1,881,550</u>
Revaluation reserve unrealised movement on revaluation of property	-	200,000
Other comprehensive income	<u>-</u>	<u>200,000</u>
Total comprehensive income relating to the year	<u>1,711,422</u>	<u>2,081,550</u>
Total comprehensive income since last annual report	<u>1,711,422</u>	<u>2,081,550</u>

Note of historical cost gains and losses

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

Approved on behalf of the Credit Union Board

Chairperson: Karen Cashman

Member of the Board Oversight Committee: Jack Grehan

Chief Executive Officer: Gerard McConville

Date: 22nd October 2019

BALANCE SHEET as at 30th September 2019

		2019	2018
	Notes	€	€
Assets			
Cash and cash equivalents	10	43,486,174	40,556,133
Property, plant and equipment	11	6,057,937	5,217,754
Loans to members	12.1	74,591,498	64,062,502
Provision for bad debts	12.3	(2,543,345)	(2,612,723)
Debtors' prepayments and accrued income	13	1,101,515	924,332
Deposits and investments	14	<u>129,583,354</u>	<u>103,839,839</u>
Total Assets		<u>252,277,133</u>	<u>211,987,837</u>
Liabilities			
Members' shares	15	211,069,500	176,893,327
Members' deposits	16	-	25,000
Other Member Savings	17	4,118,966	3,621,273
Other creditors and accruals	18	<u>446,267</u>	<u>598,075</u>
		215,634,733	181,137,675
Members' Resources			
Regulatory reserve	30,273,256	26,500,000	
Operational risk reserve	720,150	586,840	
Other reserves	<u>5,648,994</u>	<u>3,763,322</u>	
		<u>36,642,400</u>	<u>30,850,162</u>
		<u>252,277,133</u>	<u>211,987,837</u>

Approved on behalf of the Credit Union Board

Chairperson: Karen Cashman

Member of the Board Oversight Committee: Jack Grehan

Chief Executive Officer: Gerard McConville

Date: 22nd October 2019



STATEMENT OF CHANGES IN RESERVES

for the year ended 30th September 2019

	Regulatory reserve	Distribution reserve	Operational risk reserve	Other reserves	Unrealised income reserve	Revaluation reserve	Development Reserve	Total
	€	€	€	€	€	€	€	€
At 1st 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 30th September 2018	26,500,000	-	586,840	2,165,817	115,718	731,787	750,000	30,850,162
At 1st October 2018	26,500,000	-	586,840	2,165,817	115,718	731,787	750,000	30,850,162
Dividends paid during the year	-	(393,534)		-	-			(393,534)
Loan interest rebate paid during the year		(494,583)						(494,583)
Surplus allocation in year	235,065	888,117	81,310	-	(73,735)	-	-	1,130,757
Other movement in reserves	3,538,191	-	52,000	1,959,407	-	-	-	5,549,598
At 30th September 2019	30,273,256	-	720,150	4,125,224	41,983	731,787	750,000	36,642,400

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2019 was 12.00% 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 €235,065 to its regulatory reserve.

Chairperson: Karen Cashman

Member of the Board Oversight Committee: Jack Grehan

Chief Executive Officer: Gerard McConville

Date: 22nd October 2019

STATEMENT OF CASH FLOWS

for the year ended 30th September 2019

	2019	2018
Note	€	€
Opening cash and cash equivalents	40,556,133	22,147,582
Cash flows from operating activities		
Loans repaid	35,504,233	30,172,756
Loans granted	(40,796,855)	(35,110,514)
Loan interest income	6,022,808	4,995,969
Investment income	1,211,749	1,125,482
Other income received	116,687	465,809
Bad debts recovered	704,350	696,462
Dividends paid	(393,534)	(163,296)
Loan interest rebate	(494,583)	(401,845)
Operating expenses	(5,774,275)	(5,041,422)
Movement in other assets	(177,183)	(179,722)
Movement in other liabilities	(44,370)	183,707
Net cash used in operating activities	(4,120,973)	(3,256,614)
Cash flows from investing activities		
Cash and Investments introduced from transfer of engagements	26,193,272	34,090,560
Purchase of property, plant and equipment	(696,646)	(56,001)
Net cash flow from other investing activities	(25,743,515)	(16,495,673)
Net cash used in investing activities	(246,889)	17,538,886
Cash flows from financing activities		
Members' shares received	69,835,920	60,436,351
Members' deposits received	-	478,544
Members' shares withdrawn	(62,513,017)	(55,863,236)
Members' deposits withdrawn	(25,000)	(925,380)
Net cash generated from financing activities	7,297,903	4,126,279
Net increase/(decrease) in cash and cash equivalents	2,930,041	18,408,551
Cash and cash equivalents at end of financial year	10 43,486,174	40,556,133



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

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 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 2019 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.

Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the income can be reliably measured. Income 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 Income

Other Income such as commissions 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 30th September 2019

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.

Central Bank reserve funds

Investments with return of capital guarantee at maturity are valued at the capital guaranteed amount plus accrued income. The minimum guaranteed investment income is recognised in the Income and Expenditure account on an accruals basis over the life of the investment. Investment income in excess of the minimum guaranteed amount is ignored until the investment is sold or the income is received.

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.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

Investments at fair value

Revalued investment properties are not depreciated or amortised. Where the valuation indicates a permanent diminution in the value of the property, the permanent diminution is charged to the Income and Expenditure account. All other fluctuations in value are transferred to a revaluation reserve.

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

Impairment of tangible fixed assets

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.

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 and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other 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 a doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approved 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 ("IBNR") are based on the historical experiences of the Credit Union allied to the Credit Union's judgement of relevant

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

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 Financial Reporting Standard 17.

Distribution

Capital Credit Union Limited's policy is to pay a reasonable rate of dividend 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 as being 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 30th September 2019

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 Regulatory 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

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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

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 scrappage 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 Unions 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 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 30th September 2019

4. TRANSFER OF ENGAGEMENTS FROM SUNDRIVE CREDIT UNION LIMITED (SCU)

During the year under review Capital Credit Union Limited (CCU) accepted the transfer of engagements from Sundrive Credit Union Limited (SCU). The Assets and Liabilities at the date of transfer were incorporated into the Balance Sheet at that date.

CCU did not pay any consideration in respect of the Transfer of Engagements. On the date of transfer, members of the Transferor Credit Union became members of CCU and thereby became entitled to member interest with such membership. In applying the acquisition method of accounting for the business combination, the members' interest transferred to 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 members' interests in the Transferor Credit Union (the fair value of the Transferor Credit Union) at the date of transfer, and is reflected as an adjustment in Reserves within the Statement of Changes in Reserves.

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

Fair Value of SCU assets and
liabilities acquired by CCU

	TOTAL €
Tangible fixed assets	372,976
Cash on hand and at bank	2,144,051
Deposits and investments	24,049,221
Loans	5,757,585
Provision for bad debts	(111,375)
Member savings	(27,350,963)
Debtors and accrued income	99,352
Total	<u>4,960,847</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

5. INTEREST ON MEMBERS' LOANS

	2019 €	2018 €
Loan interest received in year	6,022,808	4,995,969
	<u>6,022,808</u>	<u>4,995,969</u>

6. OTHER INTEREST INCOME AND SIMILAR INCOME

	2019 €	2018 €
Investment income received	1,211,749	1,125,482
Surplus / (deficit) on sale of bonds	24,917	364,438
	<u>1,236,666</u>	<u>1,489,920</u>

7. DIVIDENDS AND LOAN INTEREST REBATE

Dividends and loan interest rebate

The following distributions were made during the year:

		2019 %	2019 €	2018 %	2018 €
Dividends on shares	0.25		393,534	0.125	163,296
Loan interest rebate	10.00		494,583	10.00	401,845
			<u>888,117</u>		<u>565,141</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 proposed a distribution to members by way of dividend and by way of a resolution by a majority of the members at the Annual General Meeting. The proposed distribution for the year ended 30th September 2019 is as follows:



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

		2019		2018
	%	€	%	€
Dividends on shares	0.15	311,000	0.25	393,534
Loan interest rebate	-	-	10.00	494,583
		<u>311,000</u>		<u>888,117</u>

8. OTHER INCOME

	2019	2018
	€	€
ECCU Rebate	-	22,277
Rent received	43,941	38,154
Other income - Commissions	47,829	40,940
	<u>91,770</u>	<u>101,371</u>

9. KEY MANAGEMENT PERSONNEL

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

	2019	2018
	€	€
Short term employee benefits	421,617	435,994
Pension contribution	62,208	68,507
Total key management personnel compensation	<u>483,825</u>	<u>504,501</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.

	2019	2018
	€	€
Cash and bank balances	21,964,354	18,139,413
Cash equivalents	21,521,820	22,416,720
	<u>43,486,174</u>	<u>40,556,133</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

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 1st October 2018	4,915,203	194,325	363,517	290,849	385,891	6,149,785
Additions	37,454	-	429,364	194,801	35,027	696,646
Disposals	-	-	-	(115,995)	(277,439)	(393,434)
Transfers	375,000	-	-	-	-	375,000
At 30th September 2019	<u>5,327,657</u>	<u>194,325</u>	<u>792,881</u>	<u>369,655</u>	<u>143,479</u>	<u>6,827,997</u>
Depreciation						
At 1st October 2018	86,039	194,325	147,711	194,648	309,308	932,031
Charge for the year	99,440	-	25,743	60,448	43,808	229,439
On disposals	-	-	-	(115,995)	(277,439)	(393,434)
Transfers	2,024	-	-	-	-	2,024
At 30th September 2019	<u>187,503</u>	<u>194,325</u>	<u>173,454</u>	<u>139,101</u>	<u>75,677</u>	<u>770,060</u>
Net book value						
At 30th September 2019	<u>5,140,154</u>	<u>-</u>	<u>619,427</u>	<u>230,554</u>	<u>67,802</u>	<u>6,057,937</u>
At 30th 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>



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

12. LOANS TO MEMBERS – FINANCIAL ASSETS

12.1 LOANS TO MEMBERS

	2019	2018
	€	€
As at 1st October	64,062,502	47,130,037
Advanced during the year	40,796,855	35,110,514
Repaid during the year	(35,504,233)	(30,172,756)
Transfer of engagement movement	5,757,585	12,354,987
Loans written off	(521,211)	(360,280)
Gross loans to members	<u>74,591,498</u>	<u>64,062,502</u>

12.2 CREDIT RISK DISCLOSURES

	2019	2019	2018	2018
	€	%	€	%
Gross loans not impaired				
Not past due	<u>60,946,437</u>	<u>81.70</u>	<u>51,100,411</u>	<u>79.77</u>
Gross loans individually impaired				
Not past due	636,010	0.85	696,462	1.09
Up to 9 weeks past due	10,949,285	14.68	9,998,367	15.61
Between 10 and 18 weeks past due	978,924	1.31	860,727	1.34
Between 19 and 26 weeks past due	309,561	0.42	258,860	0.40
Between 27 and 39 weeks past due	192,290	0.26	325,755	0.51
Between 40 and 52 weeks past due	163,642	0.22	206,752	0.32
53 or more weeks past due	415,349	0.56	615,168	0.96
Total impaired loans	<u>13,645,061</u>	<u>18.30</u>	<u>12,962,091</u>	<u>20.23</u>
Total gross loans	<u>74,591,498</u>	<u>100.00</u>	<u>64,062,502</u>	<u>100.00</u>
Total carrying value	<u>74,591,498</u>		<u>64,062,502</u>	

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

12.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2019	2018
	€	€
As at 1st October	2,612,723	2,074,819
Allowance for loan losses made during the year	(521,211)	(360,280)
Allowances reversed during the year	340,458	180,673
Transfer of engagement movement	111,375	717,511
(Decrease)/Increase in loan provision during the year	<u>(69,378)</u>	<u>537,904</u>
As at 30th September	<u>2,543,345</u>	<u>2,612,723</u>

12.4 NET (RECOVERIES) OR LOSSES RECOGNISED FOR THE YEAR

	2019	2018
	€	€
Bad debts recovered	(704,350)	(696,462)
Increase	<u>(180,753)</u>	<u>(179,607)</u>
	(885,103)	(876,069)
Loans written off	521,211	360,280
Net (recoveries)/losses on loans to members recognised for the year	<u>(363,892)</u>	<u>(515,789)</u>

13. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2019	2018
	€	€
Prepayments	222,894	294,068
Accrued income	<u>878,621</u>	<u>630,264</u>
	<u>1,101,515</u>	<u>924,332</u>



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

14. DEPOSITS AND INVESTMENTS

	2019	2018
	€	€
Fixed-term deposit accounts	114,027,998	71,127,811
Investment bonds with profit	2,500,144	5,631,286
Central Bank Reserve Funds	1,928,365	1,512,162
Equity fund investments	11,126,847	25,568,580
	<u>129,583,354</u>	<u>103,839,839</u>

15. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2019	2018
	€	€
As at 1st October	176,893,327	132,801,143
Received during the year	69,801,962	60,436,351
Repaid during the year	(62,513,017)	(55,863,236)
Members' shares non-cash movement	26,887,228	39,519,069
As at 30th September	<u>211,069,500</u>	<u>176,893,327</u>

	2019	2018
	€	€
Regular share accounts	<u>211,069,500</u>	<u>176,893,327</u>

16. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2019	2018
	€	€
As at 1st October	25,000	950,380
Repaid during the year	(25,000)	(925,380)
As at 30th September	<u>-</u>	<u>25,000</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

17. OTHER MEMBER SAVINGS

	2019	2018
	€	€
As at 1st October	3,621,273	1,831,827
Movement during the year	<u>497,693</u>	<u>1,789,446</u>
As at 30th September	<u>4,118,966</u>	<u>3,621,273</u>

18. OTHER CREDITORS AND ACCRUALS

	2019	2018
	€	€
Accruals	<u>446,267</u>	<u>598,075</u>

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.

	2019	2018
	€	€
Financial assets		
Financial assets at fair value through profit or loss	5,626,847	5,500,144
Financial assets measured at amortised cost	<u>246,650,286</u>	<u>206,487,693</u>
	<u>252,277,133</u>	<u>211,987,837</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>215,634,733</u>	<u>181,137,675</u>

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



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

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.

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 ran up until 1 March 2019 and was approved by the Pensions Authority. Capital Credit Union Limited has paid the contributions payable under this funding agreement.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

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 FRS 102. 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.

Amendments to FRS 102 -The Financial Reporting Standard applicable in the UK and Republic of Ireland -Multi-employer defined benefit plans

On 24 May 2019, the Financial Reporting Council issued amendments to FRS 102 in respect of multi-employer defined benefit plans. These narrow-scope amendments respond to a current financial reporting issue regarding where to present the impact of an employer's transition from defined contribution accounting to defined benefit accounting; it shall be presented in other comprehensive income. The transition is required by FRS 102 when sufficient information about the multi-employer defined benefit plan becomes available for the employer to apply defined benefit accounting for the first time.

The FRC in their May 2019 publication "Impact Assessment and Feedback Statement Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland multi-employer defined benefit plans" state that these amendments will only affect entities that participate in multi-employer defined benefit plans, for which sufficient information to apply defined benefit accounting has not been available, but now



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

becomes available. These amendments do not affect the accounting for the defined benefit plan before or after sufficient information becomes available, which is already clear in FRS 102, but only specify the accounting at the date of transition to defined benefit accounting.

The effective date for these amendments is accounting periods beginning on or after 1 January 2020, with early application permitted.

The Irish League of Credit Unions Republic of Ireland Pension Scheme ("Defined Benefit Scheme") does not have sufficient information to establish an accurate split of the defined benefit pension assets and liabilities due to:

- Use of common contribution rate of 27.5% results in cross subsidisation between the Employers and is not linked to individual Employer liabilities in respect of their current or former employees;
- Scheme Assets are not segregated or tracked by contributing Employers and allocation of assets to individual Employers would be arbitrary and may not represent a reliable basis of allocation.

Consequently, the position is unchanged, there is no change to the information available to the Defined Benefit Scheme and the various employers at this time and therefore, it remains appropriate that Credit Unions continue to apply defined contribution accounting in respect of the Defined Benefit Scheme.

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 30th September 2019

21. RELATED PARTY TRANSACTIONS

Directors, Board Oversight Committee members and staff (i.e. officers) of the Credit Union during the financial year ended 30th September 2019 operated share and loan accounts with the Credit Union. All loans advanced to Directors, Board Oversight Committee members and staff are approved in accordance with Section 36(4) Credit Union Acts 1997 to 2018. The following transactions and balances existed with members who were officers during the financial year ended 30th September 2019:

Total Loans outstanding to Related Parties represents 0.71% of the total loans outstanding at year ended 30th September 2019.

	No. of loans	2019 €
Loans advanced during the year	31	295,650
Total loans outstanding at the year end	43	<u>534,315</u>

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 loans and 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.

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



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th September 2019

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% of the total assets of the Credit Union at the Balance Sheet date.

24. POST-BALANCE SHEET EVENTS

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

25. 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 regarding the collection of interest. Capital Credit Union has commenced their review to ascertain whether any top up loans to members might be impacted by these circumstances, and to determine what actions may need to be taken, in consultation with the Central Bank. Consequently, as at the year end 30th September 2019, it has not yet been practicable to reliably estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable in the future.

26. ETHICAL STANDARD FOR AUDITORS (IRELAND) ISSUED BY IASSA

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

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board of Directors on 22nd October 2019.

SCHEDULES TO THE INCOME & EXPENDITURE ACCOUNT for the year ended 30th September 2019

SCHEDULE 1 - Interest on Loans

	2019	2018
	€	€
Interest on Loans		
Interest on members' loans receivable	6,022,808	4,995,969
	<u>6,022,808</u>	<u>4,995,969</u>

SCHEDULE 2 - Investment Income

	2019	2018
	€	€
Investment Income		
Investment Income	1,211,749	1,125,482
Surplus on sale of perpetual bonds	24,917	364,438
	<u>1,236,666</u>	<u>1,489,920</u>

SCHEDULE 3 - Other Revenue

	2019	2018
	€	€
Other Revenue		
ECCU Rebate	-	22,277
Rent received	43,941	38,154
Other income - Commissions	47,829	40,940
	<u>91,770</u>	<u>101,371</u>



SCHEDULES TO THE INCOME & EXPENDITURE ACCOUNT for the year ended 30th September 2019

SCHEDULE 4 - Other Management Expenses	2019	2018
	€	€
Other Management Expenses		
Training expenses	45,355	28,326
Rental income expenses	3,430	6,990
Rent	139,732	136,918
Savings protection fund	19,734	17,380
Share and loan insurance	673,550	617,671
Insurance	71,245	62,475
Light, heat & cleaning	87,332	65,538
Repairs and renewals	38,855	23,404
Equipment maintenance	39,671	43,908
Printing and stationery	41,896	39,207
Promotion & sponsorship	242,158	205,973
Directors expenses	5,366	828
Telephone and postage	50,111	54,465
Computer costs	388,201	364,973
Affiliation fees	71,806	52,438
Merger costs	49,920	89,592
Deposit Interest Paid	-	4,731
Travelling and subsistence	18,619	13,757
Social expenses	5,519	7,024
A.G.M. expenses	59,441	59,017
Convention expenses	18,555	8,592
Oversight Committee Expenses	1,916	500
Legal and professional fees	222,707	268,335
Strategy	5,817	4,824
Community development fund	-	40,000
Audit	27,681	29,805
Regulatory Levies	354,501	304,823
Bank charges	94,590	83,253
Security	103,347	86,505
Debt collection	170,333	115,927
General expenses	8,024	8,509
Total	3,059,412	2,845,688

REPORT OF THE BOARD OVERSIGHT COMMITTEE for the year ended 30th September 2019

Dear Member,

The role of the Board Oversight Committee ("the BOC") is to assess whether the Board has operated in accordance with Part IV and Part IV A of the Credit Union Act 1997, as amended ("the Act") and any other matter prescribed by the Central Bank.

We can confirm that we have carried out our obligations during the year in accordance with the requirements of the Act. We continue mandatory and other training to enhance our knowledge and skills to better carry out our duties as members of the BOC.

We can confirm that the Board has operated in accordance with Part IV and Part IV A of the Act during the year.

We would like to acknowledge the commitment of the Board and recognise the hard work done by members of the Board during the year on your behalf. Board members attend Board and Committee meetings throughout the year and regularly meet with regulators and other stakeholders.

The Board is responsible for setting the strategy of your Credit Union, which lays the foundations for its success. Members of the Board give a lot of their time to ensure that your Credit Union is controlled, directed and managed in accordance with the requirements of the Act.

We would again encourage all members to read the Annual Report and attend the AGM. This is your Credit Union, you own it, so it is important that you participate in decisions that affect your Credit Union.

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

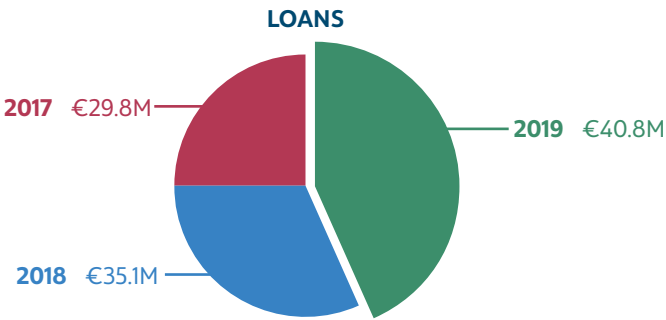
Committee Members:

Jack Grehan, Sean Smyth, Rachel McCormac



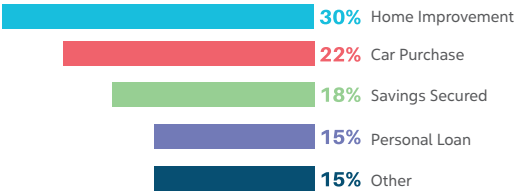
REPORT OF THE CREDIT COMMITTEE

This year, the Capital Credit Union loan book grew by over €10 million to reach €74.6 million. During the year, we issued over 10,500 loans with a total value of €40,796,855



Loan Types

Capital Credit Union provides members with a wide choice of loan types to suit all our members’ needs. The two most popular loan types are for Home Improvements and Car Purchase.



New Loan Products

This year, we conducted a promotional campaign called ‘Think Big’ to let our members know that the Credit Union was offering Home Improvement Loans up to €100,000. The campaign was a great success, with over 600 ‘Think Big’ loans being issued to the value of over €10 million.

We have just introduced our Home Loan so members can now borrow to purchase their own home, including the Tenant Purchase Scheme, or for very large Home Improvements.

If you are interested in applying for a loan or just have an enquiry, please get in touch. Our staff are waiting to help you.

The Loan Application process is simple – call in to any of our offices, ring us on 01 299 0400, apply online or send an email to loans@capitalcu.ie

We would like to express our appreciation to the Chief Loans Officer and all her Staff for their hard work and commitment in processing and issuing over 10,500 loans this year.

REPORT OF THE CREDIT CONTROL COMMITTEE

The Credit Control Committee is appointed annually by the Board of Directors to oversee credit control within Capital Credit Union. The function of credit control is to ensure that the repayment of loans is in accordance with agreed terms and by so doing protect our members’ savings.

2019 has been a year in which we have seen a continuation in economic recovery and further improvements have been made in the arrears situation in our Credit Union.

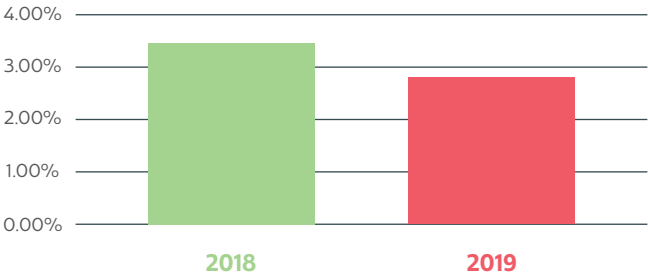
We are however acutely aware that many of our members continue to suffer financially and have not yet felt the benefit of the economic recovery. We continue to work with those members to come to an agreed solution.

We would actively encourage any member who is experiencing difficulty repaying their loan to contact a member of our staff at the earliest opportunity and in the strictest confidence so that we can work through a satisfactory solution. Our staff are experienced and trained to deal with this sensitive area.

In all cases where loan repayments are missed without explanation our credit control staff will pursue these loans in accordance with our policy.

Members should note we are obliged to register all loans in excess of €500 with the Central Credit Register, who will hold loan information on file for five years after the completion date. Missed payments may impact on your ability to obtain credit in the future from both the Credit Union and other financial institutions.

LOAN ARREARS





REPORT OF THE MARKETING & MEMBERSHIP COMMITTEE

The aim of the Marketing Committee is to promote Capital Credit Union as a relevant and convenient financial provider to our members. This is done by raising awareness through information campaigns on our various products and services to enhance member growth, loan book growth and most importantly our membership experience. The committee meets quarterly 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. We would also like to thank Jonathan Fenton, Marketing Officer and James Liston, Business Development Officer for their significant contribution in the areas of marketing and business development this year.

New Members

Increasing the number of new members was a key focus of our strategic plan, with a target of 2,000 new members per year. We are delighted to announce that the 2018/19 financial year was hugely successful with 2,717 new members welcomed to our ranks, a 30% increase on last year. This was achieved by a pro-active stance of attracting members and getting involved with the local community as much as possible. This approach has been justified by the fact that our average member age has fallen for the first time in years thanks to the focus on signing up younger members.

Loan Campaigns & Brand Awareness

Loans are critical to the viability and long-term success of Capital Credit Union and were a key focus of the Marketing Committee. Along with our regular campaigns (car loans, holiday loans and student loans), Capital Credit Union undertook two large loan campaigns. These were "Think Big" and ProEnergy Home loans, the second was in collaboration with the Solution Centre, Sustainable Energy Authority of Ireland and Retrofit Energy Ireland Ltd. The ProEnergy Home Loan was a national campaign where Capital Credit Union had the highest number of Expressions of Interest nationwide thanks to our marketing campaign.

"Think Big" became synonymous with Capital Credit Union, the campaign was a great success promoting further growth in our loan book. The combined power of electronic and social media, newspaper advertising and posters drove its success. "Think Big" is now an important feature of our branding at community events.

Community Council

Our Community Council is well established and now in its second year. The Council provides Capital Credit Union staff and the Board with vital updates from their local communities, allowing us to stay in touch and be a relevant organisation. Over the coming year the Community Council will oversee all sponsorship requests from across the catchment area, giving them a hands-on role in how Capital Credit Union engages with the local community.

Primary Schools & Secondary Schools:

Our revamped School Saving Scheme went from strength to strength throughout 2018/2019 with over 400 children in 30 schools.

REPORT OF THE MARKETING & MEMBERSHIP COMMITTEE

Our Annual School Quiz was held in Taney Parish Hall in February 2019 where we had 21 teams taking part, two of whom reached the national final! Congratulations again to Ballinteer Educate Together National School and Divine Word National School.

We engaged with secondary schools in the past year where they focused on environmental and financial literacy. We were delighted to sponsor and attend Ballinteer Community School's (BCS) Energy Awareness Day. Thank you to BCS for producing a video with us to commemorate the day. We sponsored CluedIn financial literacy lessons for St. Tiernan's Community School, Balally and Our Lady of Mercy Drimnagh. This gave students an insight into how credit unions can help them financially.

For the 2019/2020 financial year, we are delighted to partner with Studyclix, an online learning resource for secondary school students which received brilliant reviews. This will be introduced as a pilot scheme in a few schools this year with re-evaluation during the summer.

Third Level

Our student scholarship was hugely successful this year with over 200 entries compared to just 64 last year. This was thanks to creating better connections with universities and opening the scholarship to all third-level students.

CU@Work & Local Businesses:

The recent financial year was a strong one for engaging with businesses in our catchment area. We want to ensure Capital Credit Union is a trustworthy organisation with strong links to local businesses.

In the past year we are delighted to have recruited new members from several companies in our CU@Work scheme. These companies have all set up payroll deductions with Capital Credit Union for their employees and we hope to continue to work with them.

We have started to partner with local businesses to enable our members to avail of affordable finance when making large purchases. As a Credit Union we have a strong belief in community ethos and working alongside local businesses to provide a better service to our members. We have been lucky to partner with some great local businesses and will continue to work with them.

Social Media & Online Platforms

Our social media has experienced excellent growth rates throughout the financial year thanks to our work with the local community. We have put an increased focus into maintaining a constant and up-to-date information feed for our members.

Our Facebook following continues to grow with over 5,500 followers, while our Instagram has more than doubled during the past year, we now have over 800 followers.



REPORT OF THE MARKETING & MEMBERSHIP COMMITTEE

Our social media and online platforms are the best places to find out the latest news from Capital Credit Union. Be sure to give us a follow-on Instagram @capitalcu

Community Sponsorship & Engagement:

Capital Credit Union has always been a strong supporter of our local community and this past year we donated over €50,000 to local groups and organisations. The Board of Directors of Capital Credit Union believe in supporting our members through their communities as part of the Credit Union's objectives. For this reason, we were proud to sponsor numerous groups and will continue.

A full list of the groups sponsored can be found on our website, but examples include:

- Dundrum – Dundrum/Windy Arbour Men's Shed
- Ballinteer – Ballinteer Community School
- Sandyford – Kilcross Resource Centre
- Knocklyon – Knocklyon Special People
- Leopardstown – Ballyogan Family Resource Centre
- Drimnagh – Mother McAuley Day Centre
- Sundrive – Old County Pitch & Putt
- Francis St – Solas Project
- St. Kevin's – "A" District
- Sandymount – Enable Ireland

Committee Members:

Ann Walsh, Elaine Edmonds, John O'Neill

NEW MEMBERS REPORT

New Members Report 2019

New Members 2,717



2018	2019
1,991	2,717

Age Profile

Under 21	878
21 to 34	788
35 to 49	678
50 to 64	285
65 and over	88
All ages	2,717

51%

1382



49%

1335



25%

669



75%

2048

Branch	New Members
Dundrum	552
Ballinteer	175
Drimnagh	237
Francis St.	171
St. Kevin's	189
Knocklyon	339
Leopardstown	339
Sandyford	242
Sandymount	365
Sundrive	109
Total	2,717





GOVERNANCE & NOMINATIONS COMMITTEE REPORT

As the Governance and Nominations Committee we are responsible for:

- Recruiting volunteers to the Board of Directors and various committees 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 expertise to our discussions.
- Conducting the Fitness and Probity review of the management team, Board of Directors and Board Oversight Committee members in line with legal and Central Bank requirements.
- Running an induction programme for volunteers.
- Recommending and sourcing 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 Director's legal duties during the year, ensuring that we comply with all requirements and report on same to the Board Oversight Committee.
- Supporting the Board of Directors in the review of its operations and self-assessment.

We would welcome volunteers to come forward for participation on our Induction Program. Volunteers are the life blood of our organisation and it's an excellent opportunity to learn more about how Capital Credit Union functions. It also helps us to maintain a steady stream of new volunteers, who can be prepared to come onto the Board. Our next Induction Programme is scheduled for Q1, 2020.

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 management team and staff for their constant support and assistance.

Committee Members:

Ann Walsh, Marguerite Slyne, Peter Morrissey

REPORT OF THE AUDIT, RISK & COMPLIANCE COMMITTEE

Internal Audit

Under the Credit Union Act 1997 (as amended) ("the Act"), Capital Credit Union has retained Moore (Previously Moore Stephens) as its independent Internal Audit Function.

As outlined in Section 76K of the Act the Internal Audit Function 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 year three of the current work plan with Moore who report quarterly through this Committee to the Board of Directors on key areas including, but not limited to, the Risk Management System, ICT Systems, Management Information, Governance, Compliance Programme and the processes for safeguarding the assets of the Credit Union. The recommendations of the Internal Audit Function are implemented to ensure the continuing compliance and improvement of risk mitigation within Capital Credit Union.

Risk

The Audit, Risk & 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 Management 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 Audit, Risk & Compliance Committee is responsible for ensuring that Capital Credit Union is operating in compliance with all applicable financial services legislation and any other legislation and regulations applicable to Credit Unions and that it has the necessary policies and procedures in place to ensure that it will be compliant with any new requirements as they are introduced.

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 Act.

The Committee would like to thank the Management Team and staff of Capital Credit Union for their commitment to risk and compliance management.

Committee Members:

Michele Brady, Elaine Edmonds, 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 2 highest polling candidates for the board of directors 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. In order to ensure that the AGM proceeds efficiently and to ensure that as many members as possible have the opportunity to contribute, members will generally be limited to raising a maximum of three points or questions on matters 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. The chair will endeavour to accommodate members wishing to raise further points or questions on matters on the Agenda under "Other Business".

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 chair'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 voting

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).



HOME
IS WHERE THE
HEART IS

HOME LOANS
UP TO
€300,000



We  lending

Capital Credit Union is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms & Conditions apply. Warning: if you do not meet repayments on your loan, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future. Warning: if you do not keep up your repayments you may lose your home.

MOTIONS AND RULE AMENDMENTS for the year ended 30th September 2019

Motion 1

That this Annual General Meeting agrees to insert a new Rule 84A into the Rules of Capital Credit Union Limited, to read as follows:

Rule 84A. Membership Officer

- (1) *The Board of Directors may approve the appointment of a person by the manager as a membership officer to assist the membership committee and work under its supervision and control.*
- (2) *A record of each application for membership which has or has not been approved shall be furnished by the membership officer to the membership committee no later than seven days of receipt of the application.*

Motion 2

That this Annual General Meeting agrees to amend Rule 13(1)(ii) of the Rules of Capital Credit Union Limited, by the insertion of "or by a duly appointed and authorised Membership Officer", to read as follows:

Rule 13. Qualifications for membership

- (1) An applicant shall be admitted to membership only when:
- (ii) his application for membership shall have been approved by the affirmative vote of a majority of the Board of Directors or by a duly appointed and authorised membership committee present at a meeting at which the application is considered, *or by a duly appointed and authorised Membership Officer;*

Motion 3

That this Annual General Meeting agrees to amend Rule 83 of the Rules of Capital Credit Union Limited, by the insertion of "and/or membership officer", to read as follows:

Rule 83. Duties of membership committee and/or membership officer

Subject to these rules and the Act, the membership committee *and/or membership officer* shall...

Motion 4

That this Annual General Meeting agrees to amend Rule 1(a) of the Rules of Capital Credit Union Limited, by the insertion of "membership officer", to read as follows:

Rule 1. Interpretation

'officer' includes:

- (a) the chair, the secretary or any other member of the Board of Directors, a member of a principal committee, a member of the Board oversight committee, risk management officer, compliance officer, credit officer, *membership officer* or credit control officer of the Credit Union,
 - (b) an employee of the Credit Union to whom paragraph (a) does not apply, and
 - (c) a voluntary assistant of the Credit Union,
- but does not include an auditor appointed by the Credit Union in accordance with the requirements of the Act.

Motion 5

That this Annual General Meeting agrees to amend Rule 5(1) of the Rules of Capital Credit Union Limited by the insertion of the following as (viii) after (vii):

"(viii) the provision or arrangement for the provision of insurance intermediation services whether on a tied or multi-agency, referral, introduction or advisory basis, but in each case subject always to such regulatory approval and compliance as may be prescribed from time to time by the Central Bank of Ireland."



MEMBER INFORMATION

for the year ended 30th September 2019

MEMBER DEATH BENEFIT INSURANCE PROGRAMME



DEATH BENEFIT INSURANCE

€3,250
Death Benefit
Insurance for only
€48 per year

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 Program 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 Utmost PanEurope Dac which is authorised by the Central Bank of Ireland 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

DATA PROTECTION

To ensure that your rights are protected our Data Protection Officer oversees the collection, use, processing, sharing and protection of your information. The Data Protection Officer may be contacted by e:mail at DPO@capitalcu.ie, by telephone on 01-2990400 or by writing to The Data Protection Officer, Capital Credit Union, Main Street, Dundrum, Dublin D14 PD79. Our Privacy Policy may be viewed at <https://capitalcu.ie/privacy-policy/>.

MEMBER INFORMATION

for the year ended 30th September 2019

YOUR NOMINATION

As a Credit Union member, you can nominate a person(s) to receive the proceeds of your account upon your death by way of a nomination. The option to make a nomination is exclusive to Credit Union members.

A nomination supersedes your Will or any Codicil to your Will. Therefore the proceeds of your account will not be subject to a lengthy Probate process and may be paid directly to your nominee(s).

- » The statutory maximum amount that can pass under a nomination is currently €23,000.
- » A nomination must be in writing.
- » A nomination is not revocable or variable by the terms of your will or a codicil to your will.
- » A nomination is automatically revoked when your nominee dies before you.
- » A nomination is automatically revoked by your subsequent marriage.
- » If your marital status changes you should review your nomination.
- » A person under 16 years of age cannot make a valid nomination.

You can check who your nominee is at any of our offices. If you need to change your nomination you can fill in a new form and we will update your account.

Nomination forms are available in all our offices or are downloadable from our website. Nomination forms must be witnessed by an Officer of the Credit Union.

UPDATE YOUR ACCOUNT

To comply with the Criminal Justice (Money Laundering & Terrorist Financing) Acts 2010 – 2018, we are asking members to update their identity documentation. This will also be required for online access.

We are required to have both valid Photo ID and Address Verification for all our members.

The following are acceptable Photo ID documents:

- Passport
- Driving Licence

*The following are acceptable Address Verification documents:
(must be dated within the previous 6 months):*

- Utility Bill – original or emailed bill (not mobile phone bill)
- Bank Statement – original or e-statement (only if address is on it)
- Motor/House Insurance Certificate
- Correspondence from Revenue
- Correspondence from Department of Social Protection
- Correspondence from Local Authorities



We ask all members to call into any of our offices or contact us and arrange to update your account.



THINK BIG



We  lending
LOANS UP TO €100,000

Capital Credit Union is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms & Conditions apply. Warning: if you do not meet repayments on your loan, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.

TIE THE KNOT THIS VALENTINE'S



Borrow up to €10,000

- Quick loan decision
- High loan approval rating
- Flexible repayment options
- No transaction fees

It's easy to apply:

- **Call:** 01 299 0400
- **Click:** www.capitalcu.ie
- **Come In:** to any of our offices

MAKE IT HAPPEN! TALK TO US NOW!



**Capital
Credit Union**

Capital Credit Union is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms & Conditions apply. Warning- If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future. *Annual Percentage Rate.

We ♥ lending



**Capital
Credit Union**

t 01 299 0400
info@capitalcu.ie www.capitalcu.ie

Head Office

Main Street
Dundrum
Dublin 14
D14 PD79

Leopardstown

Leopardstown
Shopping Centre
Ballyogan Road
Dublin 18
D18 P4FA

Ballinteer

Ballinteer SC
Ballinteer
Dublin 16
D16 XC42

Sandyford

Balally SC
Sandyford
Dublin 16
D16 V9V4

Drimnagh

123 Galtymore Road
Drimnagh
Dublin 12
D12 HHKO

Sandymount

13 Bath Avenue
Sandymount
Dublin 4
D04 K386

Francis Street

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

St. Kevin's

19a Curzon Street
South Circular Road
Dublin 8
D08 ND82

Knocklyon

SuperValu SC
Knocklyon
Dublin 16
D16 NP21

Sundrive

116 Sundrive Road
Crumlin
Dublin 12
D12 TN97

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

