
Notice of Annual General Meeting



ANNUAL REPORT
2020

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Notice of Annual General Meeting for the year ended 30th September 2020

Notice is hereby given that the 54th Annual General Meeting of Capital Credit Union Limited will take place online at **7.00pm on Wednesday 31st March 2021**, via the Zoom Webinar platform.

If you wish to attend the AGM, you need to register using this link www.capitalcu.ie/AGM

The closing date for AGM Attendance Registration is **Friday 26th March 2021**.

When registering for attendance at the AGM, you will need to provide your Name, Account Number, personal email address, and contact phone number.

Once your registration is validated, a link will be sent to your registered email address by **29th March 2021** to enable you to access the AGM via Zoom.

As questions may require supporting documentation and/or research by way of reply, members are requested to send any questions they have prior to the AGM with your name, account number and phone number to agm@capitalcu.ie to arrive before close of business on **Friday 26th March 2021**. You can submit a question during the AGM by using the Q&A function at the bottom of the screen.

Motions, rule amendments and elections at the AGM will be conducted by way of online poll. The votes will be tallied electronically, and verified by a member of the Board Oversight Committee.

All non-presenting participants will be muted and have their cameras switched off to allow the smooth running of the meeting. The AGM meeting will be recorded for minute taking purposes.

Agenda

- | | |
|---|--|
| 1. Ascertainment that a quorum is present | 9. Report of the Governance & Nomination Committee |
| 2. Adoption of Standing Orders | 10. Election of Directors, Board Oversight Committee and Auditor |
| 3. Minutes of AGM 2019 | 11. Rule Amendments |
| 4. Report of the Chairperson | 12. Report of the Board Oversight Committee |
| 5. CEO Report, including: <ul style="list-style-type: none"> • Credit Committee Report • Credit Control Committee Report • Membership Committee Report | 13. Report of the Audit, Risk & Compliance Committee |
| 6. Community Report | 14. Guest Speaker |
| 7. Report of the Auditor | 15. Announcement of election results |
| 8. Presentation of the Financial Statements | 16. Any Other Business |
| | 17. Close of meeting |

Ann Walsh

Ann Walsh, Secretary

Report of the Chairperson to the Members of Capital Credit Union



On behalf of your Board of Directors, I am delighted to welcome you to our 54th AGM, following the strangest of years that was 2020.

When the COVID-19 pandemic developed into a global crisis, our focus immediately turned to ensuring the health and well-being of our staff, and to minimising disruption to services for all our members.

The way we do business changed dramatically with a huge increase in transactions online and over the phone. Social Distancing led to meetings online and to changes in all our offices. Hours of opening in Ballinteer were reduced and our Curzon Street office has now merged with our Francis Street office. Some very tough decisions were taken, including temporary staff layoffs and voluntary redundancies. There was a complete drop in loan applications and an unprecedented increase in savings. The return on investments continued to drop in line with the global trends and is still extremely low. The upsurge in savings led directly to our decision to reduce the level of Life Savings Insurance to €5,000. While this measure was not taken lightly, it was necessary and is a sign of the changing business model for credit unions, where the loan book continues to hover well below 30% of assets, while the return on the excess funds through investments remains challenging, to say the least. We are satisfied that this measure will mean that more than three quarters of members will not experience any decrease in their level of Life Savings Insurance cover.

The financial year ended positively with a small surplus of €129,000 and with the Loan Book closing at €74.4 million. Of course, the modest surplus means we must focus on keeping our reserves strong and therefore we are not in a position to propose a Dividend this year. This is in line with the stated expectation of the Central Bank that priority be given to the maintenance and building of reserves over the payment of any distributions to members and that dividends or loan interest rebates would not feature in the 2020 financial year.

So, what is the good news? Despite Covid, we had 2,278 new members join us. Our overall Loan Book level was maintained, and SME lending and Home Loans were also introduced this year.

Capital Credit Union continued to support our members individually through temporary loan repayment measures and through emergency Covid loans. We also supported our members through assistance to many community groups, particularly those who were providing services during the height of the Covid lockdown. Our Community Council approved over €50,000 in sponsorships and community support funding.

Our enhanced online services, including the New Member Onboarding option, and online loan processes with faster approval were rolled out during the year. Most recently, our Member Service Team was set up to deal with online and telephone transactions and queries. They operate from 8.00am to 8.00pm Monday to Friday and 9am to 2pm on Saturday. Loan applications began to rise again in July, and we continue to have strong Reserves in place. Maintaining our financial strength must be our priority in order to ensure the safety and soundness of the credit union.

As you know, Capital Credit Union is not about just savings and loans. We have always been committed to sustainability and improving our members' wellbeing. Our School Savings Scheme continues to flourish in the local National Schools. We have a Going Green Grant available to our Secondary Schools and we distributed €18,000 in our 3rd Level Scholarship Draw. The Car Draw, as always is hugely popular with members. Our Community Council continues to process applications for funding for local Clubs and Community organisations, with a particular emphasis on projects that support sustainability. We have also introduced Peopl Insurance in conjunction with other Credit Unions to provide good value Home, Travel and Life Insurance.

Capital Credit Union continues to uphold its commitment to our members to provide the highest levels of service.

I would like to pay tribute to our founders and previous Board Members. Thanks to our CEO Gerry McConville, COO Pat Byrne, CFO 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 Executive Assistant, Bernadette Treyvaud, whose hard work, efficiency and good-humoured patience is invaluable to the Board. 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 compliant with the regulatory requirements of the Central Bank.

In these extraordinary times, I would like to sincerely thank all our members for their continuing support. On behalf of the Board, I hope you stay safe and we look forward to sharing better times ahead.

Karen Cashman

Chairperson

CEO Report

to the Members of Capital Credit Union



2020 has been a seminal period for Capital Credit Union and for the credit union movement in general. For several years, credit unions have been managing a low interest rate environment, increased competition, constrained loan demand and a challenging regulatory regime. The credit union sector is now dealing with a negative interest environment while short-term loan demand has fallen significantly due to the impact of Covid-19. Alternative finance options, often under or unregulated, have also impacted on the credit union sector. Our representative bodies are constantly pressing for better, fairer regulation and for the development of a level playing field for credit unions. Members and non-members alike are increasingly using digital channels to conduct their financial affairs. The business model for credit unions must adapt, evolve and accelerate if credit unions are to survive and thrive.

Capital Credit Union is to the forefront of this evolution as we adjust to the new reality and roll out new services and products for our members.

Operations

Our staff deserve much praise for their hard work and dedication throughout the year. 2020 saw a huge shift in how our members interact with the Credit Union, with a major move to our online and phone services. We responded to our members needs by developing our Member Service Team, which provides a full service to members from 8am to 8pm on weekdays and from 9am to 2pm on Saturdays. New members can now join the credit union online and members can conduct a full range of transactions online or by phone. This was all achieved within existing budgets. As our Curzon Street office did not comply with building regulations and the cost of remedial works to bring the office up to an acceptable standard would be too costly to justify in these difficult times, we transferred the business to our Francis Street office. Affected staff were transferred to other offices or onto the Member Service Team. We plan to renovate the Francis Street office to cater for the increased business there and to provide a first-class experience for members using that office.

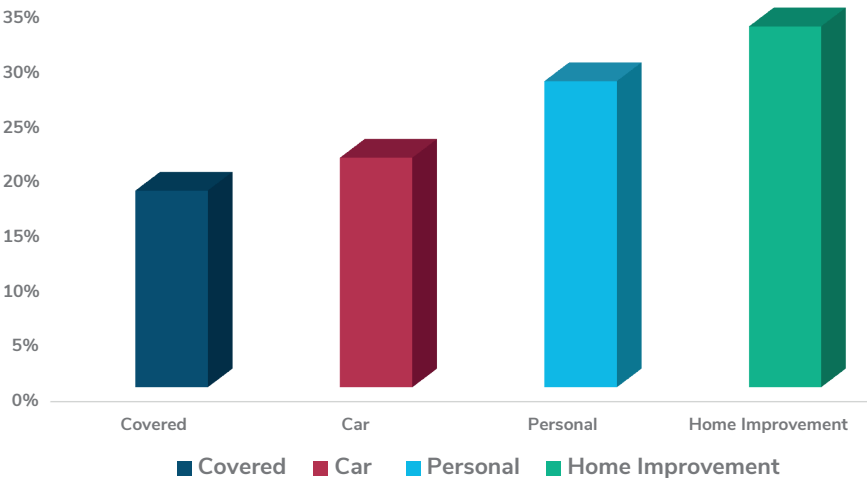
Lending

This year, we issued over €36 million in loans, compared to €40.7 million last year. In the circumstances, this was a reasonable outcome. The year-end loan book remained fairly static at €74.4m. Our loan processes were improved throughout the year with a focus on giving members a prompt response and a fast decision. Many loans are now processed and approved in less than 24 hours. For longstanding members with a good record, loans are frequently approved on the spot.

Members can now process a loan online from start to finish and the loan can be electronically transferred to the member's bank account or to any third-party account, such as a builder

or car dealer. We experienced an increase in the number of larger loans being issued as members appreciated the efficient, friendly, no fuss process and the great value that Capital Credit Union offered. The number of mortgages also increased during the year and towards the end of the year, we began offering small business loans to our SME members.

Top Loan Purposes



As the pandemic took hold, many members were laid off from their jobs. To assist our members, we rolled out a Temporary Repayment Arrangement which members were able to avail of. This temporary arrangement did not adversely affect the member's good standing with the Credit Union or their Central Credit Register record. Most members resumed full repayments once they returned to work.

I am pleased to report that at financial year end, our arrears level remains at one of the lowest in the country, despite the difficult economic situation. During the year, we charged off €481,043 in bad debts, compared to €521,211 in 2019. The Board of Directors deemed it prudent to increase our bad debt provision to €3,227,205 to include potential losses arising from Covid-19.

Savings

Savings grew by an extraordinary 9.5% from €211 million to €231 million this year. While this reflects our members support and trust in their Credit Union, it is not sustainable in the current circumstances. Several banks and financial institutions are charging negative interest rates to their credit union customers, so it is actually costing credit unions to invest surplus funds. In addition, we are required to put aside reserves to cover these savings, which imposes a further financial burden on the credit union.

The immediate consequence of this has been a reduction in the Life Savings Insurance limit to €5,000, as it is no longer sustainable to pay a premium on the high level of excess savings. Capital Credit Union currently has a maximum savings cap of €30,000 in place and this may need to be reviewed again in 2021, something which many other credit unions have already done.

The Central Bank advised credit unions of their expectation that credit unions would not pay a dividend this year and the Board of Directors has decided to abide by this in the current economic climate.

Members

Given the unprecedented nature of the year just gone, we are very pleased to report that 2,278 new members joined the credit union. Potential members can now join the credit union online, which has made the process more accessible. We conducted a member survey during the year and received great feedback from our members. When asked what services they would like to see the credit union provide or improve on, the two most popular answers were a Mobile App and improved Online Banking. Later this year, Capital Credit Union will migrate our core IT system to Temenos, a world class software provider, which will help us to significantly improve our online facilities.

The majority of members surveyed would like to see extended contact hours with the credit union and over half of those surveyed expected to be able to apply for a loan, make a payment/transfer, resolve an online banking query over the phone or online. In response, we have set up our Member Service Team, which is also available to members outside of normal business hours. We will shortly be launching a new website and members will also be able to contact the Credit Union through our new Live Chat facility.

While 44% of members said they would like to see Capital Credit Union introduce current accounts, half of those who would consider switching to a credit union current account said they would not be prepared to pay any fees. Significantly, over two thirds of members aged 18-24 said they would not be prepared to pay any fees. At this point in time, we are not convinced there is a business case to introduce current accounts, but we will continue to closely monitor and review this position.

Insurance

The Member Death Benefit Insurance (MDBI) premium has increased in 2021 to €60 per year for €3,250 benefit. MDBI pricing is directly related to the level of claims, and in 2020 the programme unfortunately experienced a significant rise in claims, which necessitated the increase by the insurers. The MDBI programme is a voluntary opt-in service for members, which we believe still represents great value in comparison to similar products offered by other providers. We are currently developing an online sign-up option for MDBI, which we believe will help reduce the average age profile and level of claims of the programme.

We have partnered with Peopl Insurance to roll out a suite of insurance services for members, including Home Insurance, Travel Insurance and Life Insurance. There are several strong

features in the Peopl Insurance service, including a commitment to no differential pricing, and award-winning life insurance cover that will guarantee to match any premium. These services are available through Peopl.ie and through a dedicated Peopl Insurance customer service centre on 0818 293 445.

Community

Throughout 2020, Capital Credit Union maintained and strengthened our links with the community. The onset of Covid interrupted some of our plans, but we were very pleased to disburse over €50,000 to various groups during the year. As we recognise the need for the credit union business model to evolve and develop, we see commitment to community values as being an integral part of this change, including support for our members and the wider community in developing a sustainability agenda to combat climate change at individual and community level.

Conclusion

The rollout of vaccines and the continuing adherence to public health guidelines enables us to look forward to a return to normality. Capital Credit Union is in a strong position to support our members in this new environment, through enhanced digital channels, improved personal experience in our offices, and a robust commitment to the sustainability and wellbeing of our wider community.

I am proud and grateful to have worked with a team of colleagues, on the Management Team and the Staff Team, who worked so tirelessly to assist our members this year. Their dedication, resilience and positive attitude during this tough time was reflected by the positive feedback and support received from members.

I would like to thank our Board of Directors, Board Oversight Committee and Community Council, whose vision, voluntary time and commitment contributes so much to the success of Capital Credit Union.

Finally, I would like to express my appreciation and gratitude to you, our members, for your continuing loyalty, trust and support.

Gerry McConville

Chief Executive Officer

Community Report to the Members of Capital Credit Union

Supporting the community is at the heart of the Credit Union's ethos and in 2020 it mattered more than ever. The Coronavirus pandemic and the subsequent lockdowns have had a huge impact on all of our lives and livelihoods.

Capital Credit Union has remained a constant and essential service throughout. Our members wellbeing is our main objective and we have made this a focus of our work this year.

Supporting The Community During Covid-19



In response to the lockdown in March, Capital Credit Union approved over €6,000 in Covid Community Sponsorship to groups directly helping vulnerable members in our community. These groups provided a range of services from Meals on Wheels programmes, food hampers and providing entertainment for residents.

These groups were spread around our catchment area, from the Ballinteer Isolation Support Group (pictured), the Mother McAuley Day Centre, The Liberties Breakfast Club and the Bath Avenue District & Residents Association.

Digitally Evolving To Welcome New Members

In response to the lockdown, we made it easier for prospective members to join Capital Credit Union and for dormant members to re-activate their accounts. In May, we launched our new Online Membership Application and Reactivation form, so members can now open or re-activate an account in less than 10 minutes and all from the comfort of their home.

As a result, we were delighted to welcome 2,278 people as new members of Capital Credit Union with over half of the new members between May and September 2020 joining online.

Partnering With Primary & Secondary Schools



Even Covid-19 could not lessen the interest in our School Saving Scheme with almost 600 completed Savers Reward Cards from September 2019 to May 2020. As a result, we donated over €4,000 to 20 primary schools, a new record! Unfortunately, the School Quiz had to be cut short, but when it comes back it will be bigger and better than ever! We also visited Warrenmount Primary School to see their amazing wall mural, which was financially supported by Capital Credit Union.



We partnered with four secondary schools to sponsor a year-long subscription with Studyclix for their Junior Cert and Leaving Cert students. This online based platform was crucial to helping students' study when schools were closed in March. The four schools were – Ringsend College, OLM Drimnagh, St. Tiernan's and Stepside Educate Together Secondary School.

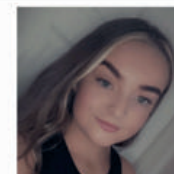
Higher Education Scholarship



"This scholarship will be of enormous help to me. I would like to say a massive thank you to Capital Credit Union for organising this wonderful initiative to give students the opportunity of financial assistance with their studies" - Francesca

"I am going to try to create a more office environment in the space I usually do my studies. Hopefully I will be able to do the same work I can do on the computers that I would have used on campus, so I am not at a disadvantage" - Laura May

"I needed a new laptop and desk, so this money has come at a perfect time for me. Thank you!" - Rachel



For 2020, we wanted to make our Scholarship even more inclusive, so everyone from a PLC to a PhD could apply! We created a new scholarship of €500 for those studying in a Level 5 or Level 6 Course on the NFQ, and as a result we had 16 winners – 10 prizes of €1,500 and 5 prizes of €500.

See some of our winners and their testimonials!

(Group photo is from our 2019 Winners)

#SupportLocal & Bumper Car Draws

As part of our December Bumper Car Draw, we gave away €50,000 in prizes, and we also supported over 30 local businesses by including their gift vouchers in the prizes. As most local businesses found 2020 extremely difficult, we were delighted to support them in this small way.

We had several Bumper Car Draws over the course of the year, with a total cash value of €400,000 given away! As part of our effort to make it easier for our members to connect with us, members can now join the Car Draw online directly from our website.

Community Sponsorships & Charity Donations

Between October 2019 and September 2020, we donated over €50,000 to the community through our schools, sports teams, and community groups. These organisations are the lifeblood of the community and we are honoured to be surrounded by groups that share the same passion towards community development as Capital Credit Union.

Our staff charity for 2020 was ALONE, and although Covid-19 halted many of our fundraising activities, Capital Credit Union's members and staff still raised over €8,000!

Member Communication & Extended Contact Hours

In response to Covid-19, we undertook a major communications strategy with members from newsletters to Ezines to increased social media engagement. This was reflected with our Facebook following increasing by over 14% to 7,000, our Instagram followers rising by 30% to over 1,100 followers and our LinkedIn almost doubling to just under 400.

Our New Member Service Team is also available to give our members more flexibility when they need to contact us. Our dedicated Member Service Team is now available by phone and by email from 8am to 8pm Monday to Friday and from 9am to 2pm on Saturdays.

Your Loans Support All Of This



Everything we do in the local community, whether it is sponsoring a school, a charity and even our scholarships is only possible because members borrow from us. When you borrow from Capital Credit Union, you are also supporting your local community.

Contact Our Member Service Team

Loans

Apply for a loan after business hours



Other Services

- Members Car Draw
- Payroll Deduction
- Member Insurance
- Online Banking



Now Available

- ✓ 8.00am-8.00pm Monday-Friday
- ✓ 9.00am-2.00pm Saturday

Annual General Meeting 2020: Important Statistics

Take a look at some of our key statistics throughout the year.



50,000+
members



2,278
new members



8,500
loans issued



€36 million
loans issued



€50,000
in community sponsorship



€400,000
in car draw prizes



7,000
followers on Facebook



17,000
online banking users

Proudly Supporting Our Community



Solas Project Business Final



Darragh, Sundrive Member



De La Salle Palmerstown U20s Rugby



Drimnagh Celtic



Warrenmount Primary School



Mother McAuley Day Centre



Capital
Credit Union

THINK BIG



We  lending
LOANS UP TO €100,000

Annual General Meeting 2020

Some Comments From Our Members

"I love Capital Credit Union. I have just taken out a home improvement loan and you made it so easy. I didn't have to jump through hoops as my record with you is good and I am a long-time member. Keep it up" ~ **Niamh**

"I think very highly of my local credit union Sandyford /Dundrum branch. Always a pleasure to deal with in-person or on phone. Very friendly and professional staff. Quick loan approval etc, keep up the great work!" ~ **Lorna**

"I have always had first class professional service in all my dealings with Capital Credit Union" ~ **Jacqueline**

"I was impressed by the staff who assisted with a recent loan application. The option to draw down online is very useful." ~ **Kieran**

"I have always found the staff helpful and informative and I am very happy to be a member of Capital Credit Union" ~ **Mary**

"Excellent telephone assistance especially during Covid-19" ~ **Paul**

"I have had personal experience of a fantastic foreign currency exchange service with Dundrum Branch. Well done. Keep up the good work!" ~ **Darren**

"My membership was done online, brilliant from start to finish and Lesley was excellent and very helpful getting me set up for online access. She replied promptly to my emails, wonderful customer service" ~ **Mel**



**New
WELCOME
LOAN**



A very warm welcome to our first time borrowers!

First time borrowers and **members who have not had a loan balance in the last 3 years** can avail of this special reduced rate of 6.9% (7.1% APR*).

Get in touch today

 **01 299 0400**  **capitalcu.ie**

Capital Credit Union is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms and 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. Representative example: €15,000 loan repayable over 5 years. Rate of interest 6.9% per annum variable. *APR (Annual Percentage Rate) 7.1%. 60 monthly repayments of €296.31 per month. Total amount payable is €17,778.65.

Directors' Report

for the financial year ended 30th September 2020

The directors present their report and the audited financial statements for the financial year ended 30th September 2020.

Objects

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

Principal Risks and Uncertainties

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

The principal risks and challenges facing this Credit Union are loan default; not lending a sufficient proportion of funds so that too much of the Credit Union's resources are tied up in investment products and the risk that we will not have sufficient cash resources to meet day to day running costs and repay members savings when demanded (liquidity risk). These risks are managed by the Credit Union board so as to achieve an acceptable balance or growth and security for members' resources. The Board reviews and agrees policies for managing each of these risks which are summarised at Note 14.

Business Review

The directors acknowledge the results for the year and the year-end financial position of the credit union. The Directors have noted that the financial performance for the year was severely impacted by the social and economic impacts of Covid-19. The Board acknowledges the hard work that was committed by all the staff in assisting members that were affected by the outbreak by providing Covid-19 Temporary Loan arrangements. The full impact of the disruption on the business going forward cannot be reliably measured however the Board are satisfied that the Credit Union reported a surplus in the current year.

The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to generate a surplus and maintain sufficient reserves in the future.

Directors and Board Oversight Committee Members

The current directors and board oversight committee members are as set out on pages 20 and 53.

In accordance with Section 53 of the Credit Union Act 1997 (as amended), four 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 and undertake foreign exchange transactions. It is regulated by the Central Bank of Ireland for these activities.

Accounting Records

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

Post Balance Sheet Events

The Board of Capital Credit Union Limited have considered the impact on the organisation of the events subsequent to the balance sheet date, in particular the risks associated with the Covid-19 pandemic which it considered to be a non-adjusting event. The full impact of the Covid-19 disruption cannot be reliably measured at this time and there remains a risk to the Credit Union when the current financial supports being provided by the Government are removed however, The Board state that following their review, Capital Credit Union Limited have no current going concern issues and expect the Credit Union to remain viable and solvent for the foreseeable future.

Auditors

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

Approved by the Board of Directors and signed on its behalf by:

Member of the Board of Directors

Karen Cashman

Member of the Board of Directors

Ann Walsh

Date: 27th October 2020



We're starting something new.
Smart, simple,
transparent
business loans
from your local
Credit Union.

BizFin.

To find out more visit
www.bizfin.ie

Statement of Directors' Responsibilities

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

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

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

Approved by the Board of Directors and signed on its behalf by:

Member of the Board of Directors

Karen Cashman

Member of the Board of Directors

Ann Walsh

Date: 27th October 2020

Directors

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

Statement of Board Oversight Committee's Responsibilities

The Credit Union Act 1997 (as amended) requires the appointment of a Board Oversight Committee to assess whether the board of directors 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 Act 1997 (as amended) 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

Member of the Board Oversight Committee

Jack Grehan

Member of the Board Oversight Committee

Rachel McCormac

Date: 27th October 2020

Capital
Peopl.

**Fair
Insurance**

Great cover,
great price,
from the people
you trust.

capitalcu.ie
0818 293 445

Capital Credit Union is regulated by the Central Bank of Ireland Reg No. 20501
QIB Financial Services DAC, QIB People is regulated by the Central Bank of Ireland Ref No. C182495

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 financial year ended 30th September 2020 which comprise the Income & Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Credit Union Act 1997 (as amended).

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30th September 2020 and of its surplus for the financial year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Credit Union Act 1997 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

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 Act 1997 (as amended)

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

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities as set out on page 20, 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.

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 going concern and using going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union Act 1997 (as amended). Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, as a body, for our audit work, for this report, or for the opinions we have formed.

WHELAN DOWLING & ASSOCIATES

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

27th October 2020

Income & Expenditure Account

for the financial year ended 30th September 2020

	Notes	2020 €	2019 €
Income			
Interest on members' loans	4	6,415,006	6,022,808
Other interest income and similar income	5	1,149,115	1,236,666
Net interest income		<u>7,564,121</u>	<u>7,259,474</u>
Other income	7	65,842	91,770
Total income		<u>7,629,963</u>	<u>7,351,244</u>
Expenditure			
Employment costs		3,085,751	2,714,863
Other management expenses (Schedule 4)		3,607,506	3,059,412
Depreciation		263,417	229,439
Net (recoveries) or losses on loans to members	11.4	543,734	(363,892)
Total expenditure		<u>7,500,408</u>	<u>5,639,822</u>
Surplus of income over expenditure			
Other comprehensive income		129,555	1,711,422
		-	-
Total comprehensive income		<u>129,555</u>	<u>1,711,422</u>

The financial statements were approved and authorised for issue by the Board of Directors on 27th October 2020 and signed on its behalf by;

Karen Cashman

Chairperson

Jack Grehan

Member of the
Board Oversight
Committee

Gerry McConville

Chief Executive Officer

Date: 27th October 2020

Balance Sheet

as at 30th September 2020

	Notes	2020	2019
		€	€
Assets			
Cash and cash equivalents	9	48,982,575	43,486,174
Property, plant and equipment	10	5,935,628	6,057,937
Loans to members	11.1	74,440,852	74,591,498
Provision for bad debts	11.3	(3,227,205)	(2,543,345)
Prepayments and other debtors	12	1,121,085	1,101,515
Deposits and investments	13	145,908,870	129,583,354
Total Assets		273,161,805	252,277,133
Liabilities			
Members' shares	14	231,148,800	211,069,500
Other members funds	16	4,508,427	4,118,966
Trade creditors and accruals	17	1,082,300	446,267
		236,739,527	215,634,733
Members' Resources			
Regulatory reserve	30,273,256	30,273,256	
Operational risk reserve	944,512	720,150	
Other reserves	5,204,510	5,648,994	
		36,422,278	36,642,400
Total Liabilities		273,161,805	252,277,133

The financial statements were approved and authorised for issue by the Board of Directors on 27th October 2020 and signed on its behalf by;

Karen Cashman

Chairperson

Jack Grehan

Member of the
Board Oversight
Committee

Gerry McConville

Chief Executive Officer

Date: 27th October 2020

Statement of Changes in Reserves

for the financial year ended 30th September 2020

	Regulatory reserve	Distribution reserve	Operational risk reserve	Other reserves	Unrealised income reserve	Revaluation reserve	Developmt Reserve	Total
	€	€	€	€	€	€	€	€
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 financial year	-	(393,534)	-	-	-	-	-	(393,534)
Loan interest rebate paid during the financial year	-	(494,583)	-	-	-	-	-	(494,583)
Surplus allocation in financial year	-	888,117	81,310	-	(73,735)	-	-	895,692
Other movement in reserves	3,773,256	-	52,000	1,959,407	-	-	-	5,784,663
At 30th September 2019	30,273,256	-	720,150	4,125,224	41,983	731,787	750,000	36,642,400
At 1st October 2019	30,273,256	-	720,150	4,125,224	41,983	731,787	750,000	36,642,400
Dividends paid during the financial year	-	(307,691)	-	-	-	-	-	(307,691)
Surplus allocation in financial year	-	307,691	-	-	(41,983)	-	-	265,708
Other movement in reserves	-	-	224,362	(402,501)	-	-	-	(178,139)
At 30th September 2020	30,273,256	-	944,512	3,722,723	-	731,787	750,000	36,422,278

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2020 was 11.08% 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. The Board of Capital Credit Union Limited has not transferred any of its current year surplus to its regulatory reserve.

Approved by the Board of Directors and signed on its behalf by:

Karen Cashman

Chairperson

Jack Grehan

Member of the
Board Oversight
Committee

Gerry McConville

Chief Executive Officer

Date: 27th October 2020

Statement of Cash Flows

for the financial year ended 30th September 2020

	Notes	2020 €	2019 €
Opening cash and cash equivalents		43,486,174	40,556,133
Cash and cash equivalents introduced from transfer of engagements		-	26,193,272
Cash flows from operating activities			
Loans repaid		35,681,053	35,504,230
Loans granted		(36,011,450)	(40,796,855)
Loan interest income		6,415,006	6,022,808
Investment income		1,149,115	1,211,749
Other income received		65,842	116,687
Bad debts recovered		621,169	704,350
Dividends paid		(307,691)	(393,534)
Loan interest rebate		-	(494,583)
Operating expenses		(6,693,257)	(5,774,275)
Movement in other assets		(19,570)	(177,183)
Movement in other liabilities		636,033	(44,370)
Net cash generated from/(used in) operating activities		<u>1,536,250</u>	<u>(4,120,976)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(141,110)	(696,646)
Net cash flow from other investing activities		<u>(16,367,501)</u>	<u>(25,743,515)</u>
Net cash used in investing activities		<u>(16,508,611)</u>	<u>(26,440,161)</u>
Cash flows from financing activities			
Members' shares received		79,852,227	69,801,962
Members' deposits received		389,461	33,958
Members' shares withdrawn		(59,772,927)	(62,513,017)
Members' deposits withdrawn		-	(25,000)
Net cash generated from financing activities		<u>20,468,761</u>	<u>7,297,903</u>
Net increase/(decrease) in cash and cash equivalents		<u>5,496,400</u>	<u>2,930,041</u>
Cash and cash equivalents at end of financial year	9	<u>48,982,574</u>	<u>43,486,174</u>

Notes to the Financial Statements

for the financial year ended 30th September 2020

1. Legal and Regulatory Framework

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

2. Accounting Policies

The following principal accounting policies have been applied;

Statement of compliance and basis of preparation

The Financial Statements of the Credit Union for the year ended 30th September 2020 have been prepared on the going concern basis and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

Currency

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

Going concern

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

Income recognition

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

(i) Interest on members' loans

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

(ii) Investment income

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

(iii) Other income

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

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.

Investments with return of capital guarantee

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.

Investment bonds with profit

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

Bonds with guaranteed capital and variable interest rates

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

Held at amortised cost

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

Central Bank deposits

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

Investments at fair value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the year end date and all gains and losses are taken to the Income and Expenditure account. The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

Investment properties

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

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

Impairment of tangible fixed assets

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

Cash and cash equivalents

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

Bad debt provision

The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local & international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other factors such as legal & regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is a doubt about their recoverability.

Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and 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 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 operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Credit Union. Annual contributions payable to the Credit Union's pension scheme are charged to the Revenue Account in the period to which they relate.

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.

Distribution

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

Reserves

Regulatory reserve

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

Operational risk reserve

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

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

Other reserves

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

Distribution policy

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

of the Credit Union to maintain the undistributed surplus in a general reserve that may be used in future years for the payment of dividends.

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

Capital Credit Union Limited's accounting policy for impairment of loans is set out in the accounting policy in the notes above. 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. The provision for bad debts in the financial statements at the year end was €3,227,205 (2019: €2,543,345) representing 4.35% (2018: 3.41%) of the total gross loan book.

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.

4. Interest on Members' Loans

	2020	2019
	€	€
Loan interest received in financial year	<u>6,415,006</u>	<u>6,022,808</u>

5. Other Interest Income and Similar Income

	2020	2019
	€	€
Investment income received	1,149,115	1,211,749
Surplus / (deficit) on sale of perpetual bonds	-	24,917
	<u>1,149,115</u>	<u>1,236,666</u>

6. Interest Payable and Dividends

The interest expense for the Credit Union comprises of interest payable on deposits, and was as follows for the current and prior financial year:

Dividends and loan interest rebate

The following distributions were made during the financial year:

	2020	2020	2019	2019
	%	€	%	€
Dividends on shares	0.15	307,691	0.25	393,534
Loan interest rebate	-	-	10.00	494,583
		<u>307,691</u>		<u>888,117</u>

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

Proposed dividends

At the financial year-end the directors have made the decision not to allocate reserves to the Distribution Reserve. The Board are proposing that there will be no distribution in the current year owing to the impact that Covid-19 has had on the business in the current year. The proposed distribution for the year ended 30th September 2020 is as follows:

	2020	2020	2019	2019
	%	€	%	€
Dividends on shares	-	-	0.15	307,691

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

7. Other Income

	2020	2019
	€	€
Rent received	23,094	43,941
Other income - Commissions	42,748	47,829
	<u>65,842</u>	<u>91,770</u>

8. Key Management Personnel

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

	2020	2019
	€	€
Short term employee benefits	498,644	421,617
Pension contribution	59,264	62,208
Total key management personnel compensation	<u>557,908</u>	<u>483,825</u>
Number of staff in management team	<u>7</u>	<u>6</u>

Short term employee benefits include wages, salaries, social security contributions and paid annual leave in respect of the entire management team.

9. 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.

	2020	2019
	€	€
Cash and bank balances	48,982,575	21,964,354
Cash equivalents	-	21,521,820
	<u>48,982,575</u>	<u>43,486,174</u>

10. Property, Plant and Equipment

	Land and buildings freehold	Short leasehold property	Long leasehold property	Fixtures, fittings and equipment	Computer equipment	Total
	€	€	€	€	€	€
Cost or Valuation						
At 1 st October 2019	5,327,657	194,325	792,879	369,655	143,479	6,827,995
Additions	-	-	7,279	65,718	68,113	141,110
At 30 th September 2020	<u>5,327,657</u>	<u>194,325</u>	<u>800,158</u>	<u>435,373</u>	<u>211,592</u>	<u>6,969,105</u>
Depreciation						
At 1 st October 2019	187,503	194,325	173,454	139,101	75,677	770,060
Charge for the financial year	106,554	-	32,626	78,261	45,976	263,417
At 30 th September 2020	<u>294,057</u>	<u>194,325</u>	<u>206,080</u>	<u>217,362</u>	<u>121,653</u>	<u>1,033,477</u>
Net book value						
At 30 th September 2020	<u>5,033,600</u>	<u>-</u>	<u>594,078</u>	<u>218,011</u>	<u>89,939</u>	<u>5,935,628</u>
At 30 th September 2019	<u>5,140,154</u>	<u>-</u>	<u>619,425</u>	<u>230,554</u>	<u>67,802</u>	<u>6,057,937</u>

11. Loans to Members – Financial Assets

11.1 Loans to Members

	2020	2019
	€	€
As at 1 st October	74,591,498	64,062,502
Advanced during the financial year	36,011,450	40,796,855
Repaid during the financial year	(35,681,053)	(35,504,230)
Transfer of engagement movement	-	5,757,582
Loans written off	(481,043)	(521,211)
Gross loans to members	<u>74,440,852</u>	<u>74,591,498</u>

11.2 Credit Risk Disclosures

The credit union complies with Section 12 of the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016. This regulation:

- restricts the concentration of lending by the credit union within certain sectors or to connected persons or groups (concentration limits);
- restricts the absolute amount of lending to certain sectors to a set percentages of the regulatory reserve (large exposure limit);
- restricts the loan duration of certain loans to specified limits (maturity limits);
- requires specified lending practices to be in place where loans are made to certain sectors such as commercial loans, community loans or loans to another credit union.

The carrying amount of the loans to members represents The Credit Union's maximum exposure to credit risk. The following provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2020	2020	2019	2019
	€	%	€	%
Gross loans not impaired				
Not past due	<u>61,130,865</u>	<u>82.12</u>	<u>60,946,439</u>	<u>81.70</u>
Gross loans individually impaired				
Not past due	894,058	1.20	636,010	0.85
Up to 9 weeks past due	10,566,754	14.20	10,949,285	14.68
Between 10 and 18 weeks past due	904,285	1.22	978,924	1.31
Between 19 and 26 weeks past due	320,471	0.43	309,561	0.42
Between 27 and 39 weeks past due	300,527	0.40	192,290	0.26
Between 40 and 52 weeks past due	91,957	0.12	163,642	0.22
53 or more weeks past due	231,937	0.31	415,349	0.56
Total	<u>13,309,989</u>	<u>17.88</u>	<u>13,645,061</u>	<u>18.30</u>
Total gross loans	<u>74,440,854</u>	<u>100.00</u>	<u>74,591,500</u>	<u>100.00</u>
Impairment allowance				
Total carrying value	<u>74,440,854</u>		<u>74,591,500</u>	

Factors that are considered in determining whether loans are impaired are discussed in note 2, dealing with the use of estimates and judgements. Loans which are neither past due nor impaired are reviewed on a monthly basis. The credit union has not identified any material matters which impact upon the credit quality of these assets.

11.3 Loan Provision Account for Impairment Losses

	2020	2019
	€	€
As at 1 October	2,543,345	2,612,723
Allowance for loan losses made during the financial year	(481,043)	(521,211)
Allowances reversed during the financial year	1,164,903	340,458
Transfer of engagement movement	-	111,375
Increase/(Decrease) in loan provision during the financial year	683,860	(69,378)
As at 30 September	3,227,205	2,543,345

The bad debt provision at the year end 30th September 2020 includes provisions for the projected future losses arising from members affected by Covid-19 related financial losses. The total potential loan default due to Covid-19 related losses has been estimated based on a detailed loan book review completed by the Management Team, the Board of Directors have approved the Bad Debt Provision movement.

11.4 Net Recoveries or Losses Recognised for the Financial Year

	2020	2019
	€	€
Bad debts recovered	(621,169)	(704,350)
Reduction/Increase	683,860	(180,753)
	62,691	(885,103)
Loans written off	481,043	521,211
Net (recoveries)/losses on loans to members recognised for the financial year	543,734	(363,892)

11.5 Analysis of gross loans outstanding

	2020	2020	2019	2019
	No. of loans	€	No. of loans	€
Less than one year	658	513,558	1,037	839,810
Greater than 1 year and less than 3 years	8,879	44,974,881	10,018	51,507,616
Greater than 3 years and less than 5 years	1,148	23,809,670	951	19,245,972
Greater than 5 years and less than 10 years	68	2,914,279	47	1,724,311
Greater than 10 years and less than 25 years	10	544,713	10	378,968
Greater than 25 years	14	1,683,755	9	894,823
	10,777	74,440,856	12,072	74,591,500

12. Debtors, Prepayments and Accrued Income

	2020	2019
	€	€
Prepayments	322,306	222,894
Accrued income	798,779	878,621
	1,121,085	1,101,515

13. Deposits and Investments

	2020	2019
	€	€
Fixed-term deposit accounts	131,980,576	114,027,998
Investment bonds with profit	-	2,500,144
Investments with return of capital guarantee	13,928,294	1,928,365
Equity fund investments	-	11,126,847
	145,908,870	129,583,354

14. Members' Shares - Financial Liabilities

	2020	2019
	€	€
As at 1 st October	211,069,500	176,893,327
Received during the financial year	79,852,227	69,801,962
Repaid during the financial year	(59,772,927)	(62,513,017)
Members' shares non-cash movement	-	26,887,228
As at 30 th September	231,148,800	211,069,500

	2020	2019
	€	€
Regular share accounts	231,148,800	211,069,500

15. Members' Deposits - Financial Liabilities

	2020	2019
	€	€
As at 1 st October	-	25,000
Repaid during the financial year	-	(25,000)
As at 30 th September	-	-

16. Other Members Funds

	2020	2019
	€	€
As at 1 st October	4,118,966	3,621,273
Received during the financial year	389,461	33,958
Members' money management accounts non-cash movement	-	463,735
As at 30 th September	<u>4,508,427</u>	<u>4,118,966</u>

17. Other Creditors and Accruals

	2020	2019
	€	€
Accruals	<u>1,082,300</u>	<u>446,267</u>

18. 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.

	2020	2019
	€	€
Financial assets		
Financial assets at fair value through profit or loss	-	5,626,847
Financial assets measured at amortised cost	<u>273,161,818</u>	<u>246,650,286</u>
As at 30 th September	<u>273,161,818</u>	<u>252,277,133</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>236,739,523</u>	<u>215,634,733</u>

Credit Risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Capital Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves Capital Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. During the financial year ended 30th September 2020 the credit risk profile of the credit union was impacted by the effects of Covid-19 on the general membership. The Credit Union implemented Temporary Covid Loan Arrangements with affected members and increased monitoring and oversight of loans on a risk based approach. The change in risk profile was reflected in the increase to the bad debt provisions at the year end.

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.

Interest Rate Risk:

Capital Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Capital Credit Union Limited reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

18.1 Interest Rate Risk Disclosure

The following shows the average interest rates applicable to relevant financial assets and financial liabilities.

	2020	Average interest rate	2019	Average interest rate
	€	%	€	%
Financial assets				
Gross loans to members	<u>74,440,855</u>	<u>9.55</u>	<u>74,591,501</u>	<u>9.66</u>

18.2 Liquidity Risk Disclosure

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

19. 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 was approved by the Pensions Authority. The Scheme exited the funding plan as scheduled on 1 March 2019 meeting its statutory funding obligations on that date.

As part of the 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.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2017 using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary. The 2020 actuarial review is underway and is expected to be concluded by 30 November 2020.

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.

The ILCU defined benefit pension scheme is a historical pension scheme and the defined contribution New Ireland pension scheme is the current scheme in operation.

20. Related Party Transactions

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding).

Total Loans outstanding to Related Parties represents 0.34% of the total loans outstanding at financial year ended 30th September 2020.

	No. of loans	2020 €
Loans advanced to Related Parties during the year	7	63,238
Total loans outstanding to Related Parties at the financial year end	16	255,151

The total amount of shares held by related parties at the year end was €360,754.

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

21. 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 Act 1997 (as amended).

22. Treasury Management And Financial Instruments

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

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

Credit risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Capital Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves Capital Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. During the financial year ended 30th September 2020 the credit risk profile of the credit union was impacted by the effects of Covid-19 on the general membership. The Credit Union implemented Temporary Covid Loan Arrangements with affected members and increased monitoring and oversight of loans on a risk based

approach. The change in risk profile was reflected in the increase to the bad debt provisions at the year end.

Liquidity risk:

Capital Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. The notes provides further details about the impact of the maturity mismatch on the going concern status of Capital Credit Union.

Market risk:

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

Interest rate risk:

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

Capital Risk:

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

23. Capital Commitments

The Credit Union had no material capital commitments at the financial year-ended 30th September 2020.

24. Post-Balance Sheet Events

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

The Board of Capital Credit Union Limited have considered the impact on the organisation of the events subsequent to the balance sheet date, in particular the risks associated with the Covid-19 pandemic which it considered to be a non-adjusting event. The full impact of the Covid-19 disruption cannot be reliably measured at this time and there remains a risk to the Credit Union when the current financial supports being provided by the Government are removed however, The Board state that following their review, Capital Credit Union Limited have no current going

concern issues and expect the Credit Union to remain viable and solvent for the foreseeable future.

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 over 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 2020, 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 27th October 2020.

Schedules to the Income & Expenditure Account

for the financial year ended 30th September 2020

Schedule 1 - Interest on Loans

	2020	2019
	€	€
Interest on Loans		
Interest on members' loans	6,415,006	6,022,808
	<u>6,415,006</u>	<u>6,022,808</u>

Schedule 2 - Investment Income

	2020	2019
	€	€
Investment Income		
Investment Income	1,149,115	1,211,749
Surplus on sale of perpetual bonds	-	24,917
	<u>1,149,115</u>	<u>1,236,666</u>

Schedule 3 - Other Income

	2020	2019
	€	€
Other Income		
Rent received	23,094	43,941
Other income - Commissions	42,748	47,829
	<u>65,842</u>	<u>91,770</u>

Schedules to the Income & Expenditure Account

for the financial year ended 30th September 2020

Schedule 4 - Other Management Expenses

	2020	2019
	€	€
Other Management Expenses		
Training expenses	79,370	45,355
Rental income expenses	1,469	3,430
Rent	153,908	139,732
Savings protection fund	21,021	19,734
Share and loan insurance	782,364	673,550
Insurance	84,338	71,245
Light, heat & cleaning	81,667	87,332
Repairs and renewals	9,000	38,855
Equipment maintenance	36,289	39,671
Printing and stationery	32,691	41,896
Promotion & sponsorship	187,122	242,158
Directors expenses	4,337	5,366
Telephone and postage	51,464	50,111
IT Expenses	913,186	388,201
Affiliation fees	112,971	71,806
Merger costs	-	49,920
Travelling and subsistence	8,169	18,619
Social expenses	2,234	5,519
A.G.M. expenses	58,801	59,441
Convention expenses	4,569	18,555
Oversight Committee Expenses	500	1,916
Legal and professional fees	111,882	222,707
Strategy	243	5,817
Audit	39,470	27,681
Regulatory Levies	382,315	354,501
Bank charges	120,389	94,590
Security	101,225	103,347
Debt collection	189,443	170,333
General expenses	37,069	8,024
	<u>3,607,506</u>	<u>3,059,412</u>

Car Draw Winners

Month	Car/€15,000
January 2020	Henry McDonnell
February 2020	Alison Balfe
March 2020	Therese Tighe
April 2020	Catherine Coyle
May 2020	Margaret Brown
June 2020	Patrick Doyle
July 2020	Angela Edghill
August 2020	Biswalekh Kalita Ali Kavanagh
September 2020	Margaret Mc Keon
October 2020	Roman Protsenko
November 2020	Nuala Fagan
December 2020	Karen Curley Paul Cummins



Report of the Governance & Nomination Committee

As the Governance and Nomination 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 identified 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 Directors' 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.

Vacancies

Board Oversight Committee

There is one vacancy on the Board Oversight Committee as in accordance with legislation the following outgoing committee member must stand down:

- Jack Grehan

Jack Grehan is seeking re-election to the Board Oversight Committee.

Board of Directors

There are four vacancies on the Board of Directors as in accordance with legislation the following outgoing directors must stand down:

Michele Brady, Karen Cashman, John O'Neill and Ann Walsh are all eligible and are seeking re-election to the Board.

Auditors

Whelan Dowling are willing to continue in office in accordance with Section 115 of the Credit Union Act, 1997 (as amended).

Potential New Directors

We would welcome members to come forward to become volunteer members of committees and Board. This can be done by joining one of our Induction Programs. Volunteers are the life blood of our organisation, and its 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.

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. During the months of the COVID-19 pandemic, relevant training has continued online.

We would like to thank the management team and staff for their constant support and assistance.

Committee Members:

Ann Walsh, Chairperson. Marguerite Slyne, Peter Morrissey

Rule Amendments for the year ended 30th September 2020

Rule Amendment 1

That this Annual General Meeting amends the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of a new Rule 1A as follows:

Any reference in these rules to a member present and voting at a general meeting shall be construed as including a reference to a member in attendance and voting at a general meeting conducted wholly or partly by the use of electronic communications technology.

Rule Amendment 2

That this Annual General Meeting amends Rule 96 of the Standard Rules for Credit Unions (Republic of Ireland) in paragraph (1), by the substitution of "at a time, at a place in the State (where applicable) and in the manner (where applicable)" for "in the State at such date, time and place",

And

by the insertion of a new 96A as follows:

96A (1) The credit union need not hold a general meeting at a physical venue but may conduct the meeting wholly or partly by the use of electronic communications technology as long as all attendees have a reasonable opportunity to participate in the meeting in accordance with this Rule.

- (2)
 - (a) The credit union may provide for participation in a general meeting by providing or facilitating, for that purpose, the use of electronic communications technology, including a mechanism for casting votes by a member, whether before or during the meeting.
 - (b) The mechanism referred to in paragraph (a) shall not require the member to be physically present at the general meeting.
- (3) The use of electronic communications technology pursuant to paragraph (2) may be made subject only to such requirements or restrictions put in place by the credit union as are necessary to ensure the identification of attendees and the security of the electronic communications technology, to the extent that such requirements or restrictions are proportionate to the achievement of those objectives.
- (4) The credit union shall inform attendees, before the general meeting concerned, of any requirements or restrictions which it has put in place pursuant to paragraph (3).
- (5) The credit union that provides for the use of electronic communications technology for participation in a general meeting by an attendee shall endeavour to ensure, as far as practicable, that—
 - (a) such technology:
 - (i) provides for the security of any electronic communications by the attendee,
 - (ii) minimises the risk of data corruption and unauthorised access, and
 - (iii) provides certainty as to the source of the electronic communications.
 - (b) in the case of any failure or disruption of such technology, that failure or disruption is remedied as soon as practicable, and
 - (c) such technology enables the attendee to:
 - (i) hear what is said by the chair of the meeting and any person introduced by the chair, and (ii) speak and submit questions and comments during the meeting to the chair to the extent that the attendee is entitled to do so under the rules of the credit union.
- (6) Any temporary failure or disruption of electronic communications technology shall not invalidate the general meeting or any proceedings relating to the meeting.

(7) Unless such failure or disruption is attributable to any wilful act of the credit union, the credit union shall not be liable in respect of any failure or disruption relating to the equipment used by an attendee to access a general meeting by electronic communications technology that occurs and which failure or disruption prevents or interferes with the attendee's participation, by the use of such technology, in the meeting.

(8) Where, in the opinion of the board of directors, it is deemed necessary, due to exceptional and unexpected circumstances, the board of directors may, by resolution, cancel a general meeting at any time prior to the holding of the meeting.

Rule Amendment 3

That this Annual General Meeting amends Rule 98 of the Standard Rules for Credit Unions (Republic of Ireland)

(a) In paragraph (2):

- (i) by the substitution of the following paragraph for paragraph (a): "(a) shall state the date, time, place (where applicable) and manner of holding (where applicable) of the general meeting,"
- (ii) in paragraph (c), by the substitution of ";" for "; and",
- (iii) in paragraph (e), by the insertion of "and",
- (iv) by the insertion of the following paragraph after paragraph (e):
 "(f) shall, in the case of a general meeting proposed to be held wholly or partly by the use of electronic communications technology, state
 - (i) the electronic platform to be used for the meeting,
 - (ii) details for access to the electronic platform,
 - (iii) where required by a credit union, the time and manner by which an attendee must confirm his or her intention to attend the meeting,
 - (iv) any requirements or restrictions which the credit union has put in place in order to identify attendees who intend to attend the meeting,
 - (v) the procedure for attendees to communicate questions and comments during the meeting, and
 - (vi) the procedure to be adopted for voting on resolutions proposed to be passed at the meeting."

(b) In paragraph (4), by the insertion of "and containing such information" after "in such form".

And

by the insertion of a new Rule 98A as follows:

98 A (1) Notwithstanding Rule 98 but subject to paragraph (2), notice for the purposes of Rule 96A(8) shall be given in the same manner as the notice for the general meeting referred to in Rule 98 but where, in the opinion of the board of directors, giving such notice in that manner is not reasonably practicable, notice shall be given

- (a) where the credit union has a website, on that website,
- (b) by email to every member for whom the credit union has an email address, and
- (c) in at least one national newspaper published in the State and circulating in the area in which the registered office of the credit union is situated, in a local paper and on local radio.

(2) Paragraph (1) shall not apply where all members agree in writing to the cancellation, change of venue or change of means of holding the general meeting concerned, or to dispensing with notice for the general meeting."

Rule Amendment 4

That this Annual General Meeting amends Rule 99(3)(a) of the Standard Rules for Credit Unions (Republic of Ireland) by the substitution of "paragraphs (a), (b), (d) (e) of paragraph (2)" for "paragraphs (a), (b), (d), (e), (f) of paragraph (2)".

Report of the Board Oversight Committee for the year ended 30th September 2020

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 IVA 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 IVA of the Act during the year. 2020 was an extraordinary year due to the Covid-19 pandemic, which affected every businesses and person in some way. It was an incredibly challenging year for your credit union. We would like to acknowledge the Board's consideration of members' needs during these difficult times and to recognise the hard work done by members of the Board during the year on your behalf. 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. They set the strategy of your credit union, which lays the foundations for its continuing success. During these difficult times Board members continue to attend Board and Board Sub-Committee meetings and engage with regulators and other stakeholders, using virtual communication technology. We would like to commend the Board, for their continuing leadership, commitment, and endeavours on behalf of the members during this exceptional time.

We recognise the ongoing commitment of the management team and the staff during the Covid-19 pandemic and acknowledge their excellent work in continuing to provide an exceptional service to members in difficult circumstances.

We would again encourage all members to read the Annual Report and attend the AGM, if possible. Remember, 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.

Board Oversight Committee Members:

Jack Grehan, Rachel McCormac, Sophie O'Connor.

Report of the Audit, Risk & Compliance Committee

Internal Audit

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

As outlined in Section 76K of the Act the Internal Audit Function provides for:

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

The work plan with Moore Ireland that was devised and implemented at the start of the business year was revised mid-year to include areas that could be adversely affected by the Covid 19 pandemic. Moore Ireland 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.

Audit, Risk & Compliance Committee Members:

Michele Brady, Elaine Edmonds, Dylan Kelly, John O'Neill.

Scholarship Testimonials



This scholarship will be of enormous help to me. I would like to say a massive thank you to Capital Credit Union Dundrum for organising this wonderful initiative to give students the opportunity of financial assistance with their studies. ~ Francesca

I am going to try to create a more office environment in the space I usually do my studies. Hopefully, by doing this it will aid me in my studies as I will be able to do the same things, I can do on the computers that I would have used on campus, so I am not at a disadvantage. ~ Laura May



I needed a new laptop and desk, so this money has come at a perfect time for me. Thank you!~ Rachel

Scholarship Winners 2020

Dane Carroll
Erika Secillano
Francesca Keane
Jamie Hallahan

Kacper Piekarski
Karen Gray
Lara Madden
Laura May Lawless

Matthew Gannon
Padraig Dennis
Emma Morrissey
Chloe Ann Leon

Elsa Fitzgibbon
Lexell Anne Morillo
Rachel Maher
Thomas Corrigan



For more information on our Scholarship Awards, visit www.capitalcu.ie



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Rate of 6.9%
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Get in touch today

 **01 299 0400**  **capitalcu.ie**

Capital Credit Union is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms and 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. Representative example: €15,000 loan repayable over 5 years. Rate of interest 6.9% per annum variable. *APR (Annual Percentage Rate) 7.1%. 60 monthly repayments of €296.31 per month. Total amount payable is €17,778.65