

## Notice of Annual General Meeting



ANNUAL REPORT  
2022



## It's Time To Go Paperless

- Does your household get several annual reports?
- Would you rather you didn't get so many physical copies?
- Did you know you can get the annual report emailed to you?

Every year, Capital Credit Union posts out tens of thousands of Annual Reports and Paper Statements that could be emailed to you.

By emailing this information to you, you can be kept fully informed **AND** help us save a huge amount of paper and money.

That is why we want you to go paperless, helping reduce our carbon footprint and costs!



SCAN ME

### Help us Go Green by Going Paperless

Scan the QR Code or visit the link to update your consents

[capitalcu.ie/statements/](https://capitalcu.ie/statements/)

## Notice of Annual General Meeting for the year ended 30<sup>th</sup> September 2022

Notice is hereby given that the 56th Annual General Meeting of Capital Credit Union Limited will take place online at **7.00pm on Wednesday 7th December 2022**, via the Zoom Webinar platform.

If you wish to attend the AGM, you need to register using this link [www.capitalcu.ie/AGM](https://www.capitalcu.ie/AGM)

The closing date for AGM Attendance Registration is **Friday 2nd December 2022**.

When registering for attendance at the AGM, you will need to provide your name, account number, personal email address (one email address per person), and contact phone number.

Once your registration is validated, a link will be sent to your registered email address by **Tuesday 6th December 2022** 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](mailto:agm@capitalcu.ie) to arrive before close of business on **Friday 2nd December 2022**. You can submit a question during the AGM by using the Q&A function at the bottom of the screen.

Elections and motions 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.

There will be **5 attendance prizes of €250 each for members** who attend the AGM. The winners will be randomly selected based on the attendees and announced at the end of the meeting.

## AGM Agenda

1. Ascertainment that a quorum is present
2. Adoption of Standing Orders
3. Minutes of AGM 2021
4. Report of the Chairperson
5. CEO Report
6. Community Report
7. Report of the Auditor
8. Presentation of the Financial Statements
9. Report of the Governance & Nomination Committee
10. Election of Directors, Board Oversight Committee and Auditor
11. Report of the Board Oversight Committee
12. Report of the Audit, Risk & Compliance Committee
13. Announcement of election results
14. Any Other Business
15. Close of meeting

*John O'Neill*

John O'Neill, Secretary

Booklet Contents

Notice of Annual General Meeting and Agenda	3
Report of the Chairperson	6
CEO Report	8
Community Report	12
Directors Report & Financial Statements	18
Statement of Director’s Responsibilities	20
Statement of Board Oversight Committee’s Responsibilities	21
Independent Auditor’s Report	22
Income & Expenditure Account	25
Balance Sheet	26
Statement of Changes in Reserves	27
Statement of Cash Flows	28
Notes to the Financial Statements	29
Schedules to the Income & Expenditure Account	46
Report of the Governance & Nomination Committee	51
Report of the Audit, Risk & Compliance Committee	52
Report of the Board Oversight Committee	53



Mortgages up to €400,000

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. A first legal charge is required for all mortgages. Mortgage protection insurance and home insurance are required.

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.
Warning: If you do not keep up repayments, you may lose your home.
Warning: (Variable Rate): The cost of your monthly repayments may increase.
Warning: You may have to pay charges if you pay off a fixed rate loan early.

## Report of the Chairperson to the Members of Capital Credit Union



On behalf of your Board of Directors, I am happy to present our 2022 Annual Report and welcome you to our 56th Annual General Meeting.

This year our AGM will once again be held as a virtual event. We are very pleased to see that the attendance rate of members at our AGM has increased since we introduced the virtual format two years ago. Although this format was initially introduced as a Covid-19 measure, it has proven to be a more effective forum for greater member participation. It allows more time for member questions and answers, while the level of engagement and attendance has far

exceeded that of a physical AGM setting. We have also received feedback that the virtual format suits many members, especially in the build-up to Christmas when everyone is a lot busier. Members have also commented on how easy it is to log in online rather than having to attend in person and, with such a large common bond area, any physical venue will always be awkward for at least some members to reach, especially those with limited transport means.

The year ending 30th September 2022 was another strange year. It began with new variants of Covid-19 rampant in the community. A high level of vaccination uptake before Christmas 2021 thankfully led to a gradual easing of restrictions in the New Year. However, just as life began to get back to normal, new challenges appeared on the horizon. Rising inflation, possible energy shortages and resultant cost-of-living increases are now a reality. We are acutely aware of the impact these issues are having on our membership and we will strive to support our members through this difficult period.

The year ended with a surplus of €1.1 million. Again, this year, in line with the recommendations in the Central Bank's year-end circular, we will not be proposing a Dividend or Interest Rebate. The Central Bank recommendation is given to encourage Credit Unions to further build reserves and to strengthen Credit Unions.

We are delighted to report that the total number of loans to our members increased over the year by €8m, an increase of 10%. Lending is a core service that we offer our members. An increase of this magnitude is particularly satisfying during a year that had many disruptions due to the pandemic. This would not have been possible were it not for the huge efforts put in by our staff and the cooperation of our members in striving to keep everyone as safe as possible. Thank you all for this.

Contributing to the increase in the Loan Book are the increases in all categories of loans, including the Green Loans we offer. As well as offering Green Loans at very competitive interest rates to our members and as a practical commitment to sustainable energy consumption, we have an in-house Sustainability Committee. This committee is reviewing the energy efficiency of every branch office from a heating, lighting, and insulation aspect.

One of the early achievements of the Committee is the retrofitting of LED lighting in a number of our branches and the introduction of digital screens to reduce printing.

The continued improvements in our online services have resulted in increasing numbers of members using these facilities to conduct their business and access services from their own homes.

While it is unfortunate that we are not in a position to recommend a dividend or interest rebate, we have continued to support the local community throughout the year. Our Community Council has had another busy and productive year, assisting many community groups and clubs in providing amenities in their localities. Sponsorships amounting to almost €60,000 were awarded to more than 50 groups. This was in addition to the €25,000 in scholarships that were awarded to 20 of our student members. Our Higher Education Scholarship continued to be one of the most inclusive in the country, open to everyone studying from a PLC to a PhD.

Along with lending and savings services, your Credit Union is continually looking for new ways to assist members. We are now partnering with Zurich Life to offer Financial Planning services to members. These services include pension planning and investment advice. People Insurance continue to offer competitive insurance quotes for Home, Life and Travel insurance to our members. Also, as part of our commitment to sustainability, we launched our Energy Master Plan. We hope members found this engaging and if anyone would like to watch it back, it can be found on our YouTube channel. In the New Year, we will further engage with members with a major engagement campaign. This will include information and advice to our members on retrofitting and sustainable energy saving options in their homes.

On behalf of the Board, I want to take the opportunity to thank our CEO, Management Team and Staff for their ongoing commitment and hard work, under difficult circumstances during the year, resulting in the continued growth and strength of your Credit Union.

I particularly want to thank all our Volunteers, Board Oversight Committee and Board members for their commitment during the year. Restrictions during the pandemic meant that meetings for the most part were held on-line, but the attendance and quality of input at Committee and Board meetings was exceptional.

Finally, I want to wish all our members a very happy Christmas and a healthy and prosperous New Year.

*Peter Morrissey*  
Chairperson



Current assets **€290 million**

# CEO Report

to the Members of Capital Credit Union



We are pleased to report a successful outcome to this financial year, with a surplus of €1.1 million. This time last year, nobody would have believed that the credit union would bounce back so strongly after the impact that Covid had on members and on the country as a whole.

However, we all know how quickly recent events have changed the outlook and the Credit Union must be cognisant of the risks that these events pose to our members financial wellbeing. The war in Ukraine has had a major effect on economies all over the world and Ireland has already felt the impact with, for example, rising prices, increased energy costs and high inflation. We in Capital Credit Union will do everything we can to look after our members and to help them get through this latest crisis.

## Savings

For a large portion of the year, the level of share growth was phenomenal, whereas in the latter part of the year, we experienced a very high level of share withdrawals as members started to spend some of the excess of savings built up during Covid. I am pleased to report that, as a result of a return to a more stable level of share growth, we were able to increase the maximum permitted Share balance for adult members to €50,000.

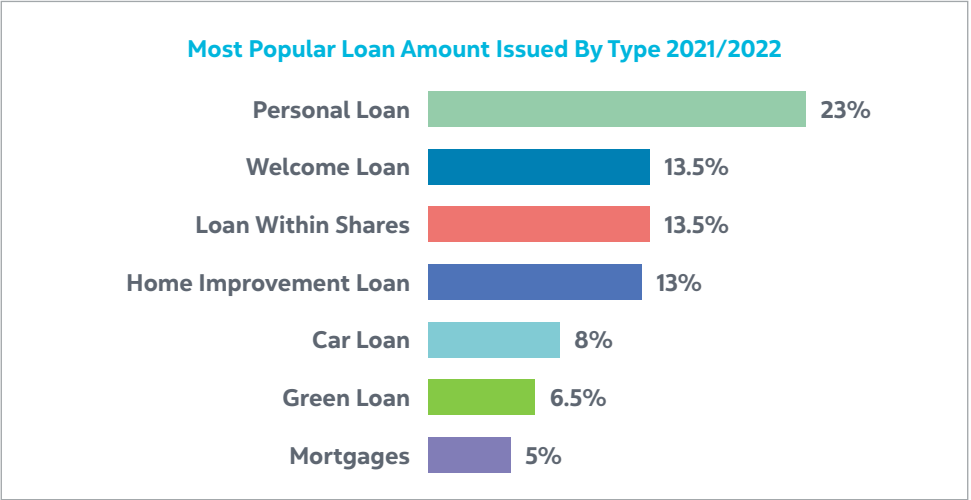
I am also pleased to report that we were able to maintain our Life Savings Insurance limit at €5,000, which ensures a large majority of members savings continue to be fully covered.

## Lending

This year, we issued almost 10,000 loans, totalling over €45 million, and we ended the financial year with a loan book of just under €88 million, including almost €5 million in mortgages.

Our home loans are now very competitive in comparison to other mortgage offerings in the market. We have also seen increasing interest in our SME business loans. Overall, we had a very satisfactory outcome in terms of loan book growth, given the unsettled circumstances prevailing for much of the year.

Our level of arrears remained very low throughout this financial year, which is a sign of the commitment of our members to their credit union, as well as the professionalism of our Credit Control Team, and is also an indication of the high quality of underwriting by our Lending Team.



This year, we charged off €279,160 in bad debts, which was significantly lower than last year. We received €704,628 in bad debts recovered, which was a very good result in difficult circumstances. We continue to fully engage with members whose loans have been charged off. The Board of Directors have deemed it prudent to maintain a bad debt provision of €2,957,741.

### Operations

The level of engagement by members through our website and our online service continues to increase at a strong rate.

Web loan applications increased by 45%, while online loan drawdowns increased by over 41%.

We received 1,842 online loan applications through our online banking platform, totalling over €9.5 million. A huge number of members like to deal with the Credit Union by phone and on busy days we can receive more than 320 calls from members. I am pleased to say the vast majority of calls are answered promptly and, unlike other institutions, once you select the section you wish to be connected to, you are put straight through to speak to one of our experienced, friendly staff. It is very encouraging and heartening to see that credit unions have topped the Customer Experience league table for eight consecutive years.

Following a review of our branch operations, we increased the opening hours in our Ballinteer office and made the difficult decision to close the Sandyford office. Despite the closure of the Sandyford office, we still have three offices, Dundrum, Ballinteer and Leopardstown within a two-kilometre radius.

We also reviewed the hours of operation of our Member Service Team, as the level of engagement by members outside normal office hours was very low, despite promotional



information campaigns. Consequently, we have realigned the Member Service Team hours to our office hours. I would like to acknowledge and praise the high standard of service given by the Member Service Team to our members over the last year. This high level of service was also given by the frontline staff right across the eight branches, and we were delighted to get such positive feedback from individual members throughout the year.

### Members

This year, we continued to experience strong growth in our membership, with many new members opening accounts to avail of our Welcome Loans and Switcher Loans.

During the financial year, 2,269 new members joined the credit union, with almost 60% of those joining the credit union online.

We are very pleased that we are able to offer members a variety of methods for contacting the credit union and would encourage members to use the channel that suits them best, whether that is by phone, online, in branch, Web Chat, or by email. We expect to see a further increase in the number of members using our online services over the coming year, and as we roll out our new IT platform.

We remain committed to providing a high-quality service to members through whichever channel they choose to communicate with their credit union.

### Insurance

We continue to offer members a suite of competitive insurance services from Peopl. Insurance, which includes Home Insurance, Travel Insurance and Life Insurance. There are several strong features in the Peopl. Insurance service, including a commitment to no differential pricing, as well as award-winning life insurance cover that will guarantee to match any premium.

Due to a 40% increase in death benefit claims, our insurers have had to increase the cost of the Member Death Benefit Insurance (MDBI) premium with effect from 1st January 2023 to €72 per annum. However, I am pleased to report that we have managed to negotiate an increase in the benefit from €3,250 to €3,500. MDBI still represents excellent value in comparison to similar products offered by other providers. While there is an increasing number of members signed up for MDBI, it is important that MDBI is supported by a range of members across different age groups, otherwise the rate is likely to increase again in future years. Members can sign up online for MDBI, which makes the process a lot easier.

### Conclusion

The Central Bank has advised that credit unions must be cognisant of the challenging economic environment and uncertainty on the economic outlook and has stated that maintaining and building adequate levels of reserves remains key to ensuring credit union financial stability and resilience. The Registry of Credit Unions has also stated that it expects credit unions to continue to take a prudent approach to distributions in the context of reserve management.

The Board of Directors agrees with this perspective and has taken the decision not to pay a dividend this year, and to focus instead on building up our reserves.

Capital Credit Union is involved in several collaborative endeavours with other like-minded credit unions, and we look forward to the implementation of upcoming changes to the Credit Union Act that will support credit unions in developing their business model and to playing a fuller role in their members lives, including the provision of home loans on a much larger scale.

I would like to recognise and commend the huge commitment of my colleagues on the Management and Staff Teams, who worked so hard this past year to provide a first-class service to members. The many positive comments and feedback received from members was very heartening.

I would like to thank our Board of Directors, Board Oversight Committee and Community Council for their progressive leadership and diligent governance, which is all done on a purely voluntary basis.

I would like to thank our members for their trust and support of the credit union. They are the key to our success, and the basis on which our plans and decisions are made, and on which our services are delivered.

*Gerry McConville*  
Chief Executive Officer



**28% of new members under 18**  
**55% of new members under 30**

## Community Report to the Members of Capital Credit Union

The ending of Covid-19 restrictions in early 2022 has led to the return of the more normal life that we all missed so much. Here in Capital Credit Union, it allowed us to engage with our members as we had done prior to the pandemic.

Despite the welcome return to normality, Capital Credit Union is aware of the difficulty our members are facing with the current cost of living crisis and inflation, particularly in the energy sector, which is having a huge impact on businesses and individuals.

As a financial co-operative, Capital Credit Union is here to support our local community and we will continue to do so in the months ahead.

### Community Council

Our Community Council remains the focal point of how we support the local community, with almost €60,000 donated to over fifty groups in the past year.

Our Community Council is made up entirely of volunteers and we are delighted to have added new members to the Council this year. At the quarterly meetings, their insight and judgement ensure that we sponsor appropriate community projects fairly, right across all the communities in our catchment area. The Community Council continues to give special attention to projects focused on sustainability, biodiversity, and climate action as part of our Strategic Plan, while also continuing to support schools, community groups and charities.

For the new financial year, if there is a project you need sponsorship for, be sure to get in touch!

### Sustainability

Capital Credit Union is now a Sustainable Energy Community through SEAI. Our goal is to be a champion of sustainability in the community and to do this we have developed an Energy Master Plan (EMP). This EMP will provide us with a template to engage with members on a range of topics from educational campaigns to financing retrofits and more.

We have also established a Sustainability Committee within the Credit Union that is focused on reducing energy consumption and waste, to help us become more sustainable. Through this Committee, we have introduced digital screens in the branches to cut down on marketing materials, banned disposable coffee cups from the workplace and purchased reusable coffee cups for staff instead. We have conducted recycling/food waste awareness campaigns amongst staff, digitised our processes to cut down on paper and we have planted a biodiversity garden in the Dundrum office. The actions above are just an example of the initiatives the Committee has implemented and we are working towards making Capital Credit Union an even more sustainable organisation.

### Youth Schemes



Our School Saving Scheme for primary school students continued to do well despite the interruptions caused by Covid-19. As part of the School Saving Scheme, each branch gives €100 to one lucky saver at the end of the school year. Schools can also receive up to €1,000 in sponsorship with €10 donated to a school for every Savers Reward Card we receive from students within that school. We encourage all schools to promote this scheme to their students.

As part of our Going Green Grant, and due to several excellent proposals, we sponsored an extra three projects this year. This meant €3,500 was donated to seven secondary schools, each receiving €500 to complete green projects in the school. These projects ranged from recycling campaigns to school gardens and even a biodiversity festival. We look forward to re-launching the scheme again in the new financial year.

Our Higher Education Scholarship continues to grow from strength to strength with over 400 applications, the highest number ever. It is open to everyone studying from a PLC to a PhD. This year there was a total prize pot of €25,000, which included 15 prizes of €1,500 and 5 prizes of €500. Go to Page 55 to see the full list of winners.

### Community Partnerships



This year saw two significant community partnerships with LauraLynn and Women's Aid. We partnered with LauraLynn for our 'Make A Difference' loan campaign which involved Capital Credit Union donating €5 to LauraLynn for every loan issued in February 2022. This initiative was sponsored by our Community Council and led to €4,000 being donated to LauraLynn.



In June 2022, we launched our partnership with Women's Aid to help combat domestic abuse. We were the first financial institution in the country to embark on such an initiative. This partnership involved training staff to recognise and respond to victims of domestic abuse by discretely advising them to contact Women's Aid for support. More information can be found here: <https://capitalcu.ie/womensaid>.

### Staff Initiatives

As people living locally, our staff care deeply about the community and have held several initiatives to support it. Once again, staff arranged our 'Random Acts of Kindness' just before Christmas, raised funds for Breast Cancer Ireland and the ILCU Development Foundation.

Zurich Financial Planning & Other Services

In 2022, we partnered with Zurich Life to offer all members a no-obligation consultation on a range of financial services including pensions, investments, and life protection. If this is something you're interested in, we recommend visiting: <https://capitalcu.ie/service/zurich/>

Our partnership with Peopl. Insurance continues to grow as they offer Home, Life and Travel Insurance to our members. We continue to offer Members Death Benefit Insurance along with Free Will-Making, Foreign Exchange, Loan Protection Insurance and Life Savings Insurance.

Our Car Draw will undergo some changes in the New Year as well by switching to a Prize Draw. This will see more money given away every month and give more choice to members in how to spend your winnings! We look forward to communicating with members on this.

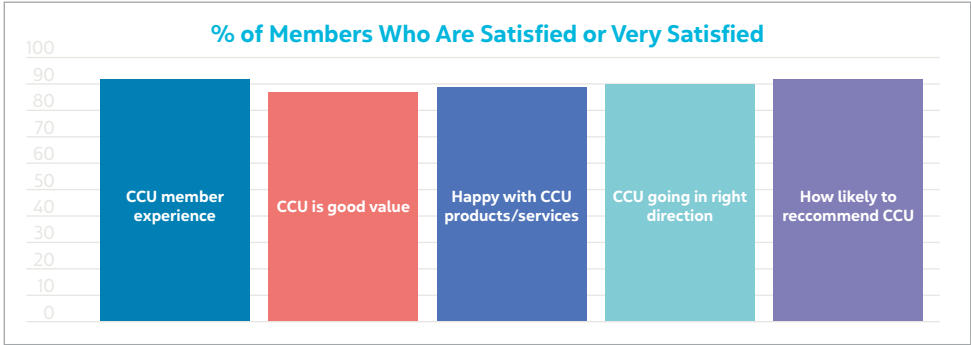
Focusing On Our Members & Looking Ahead

As a Credit Union, our members are at the centre of everything that we do. In July, we held a comprehensive Member Survey. This was to assist with the strategic planning of Capital Credit Union on a range of topics, but also to measure how happy our members are with our level of service.

While there are certainly areas for improvement, we were heartened by the positive feedback we received from members, as the graph below outlines. We have taken the feedback on-board and are continuously working to improve the quality of services and products we offer to our members.

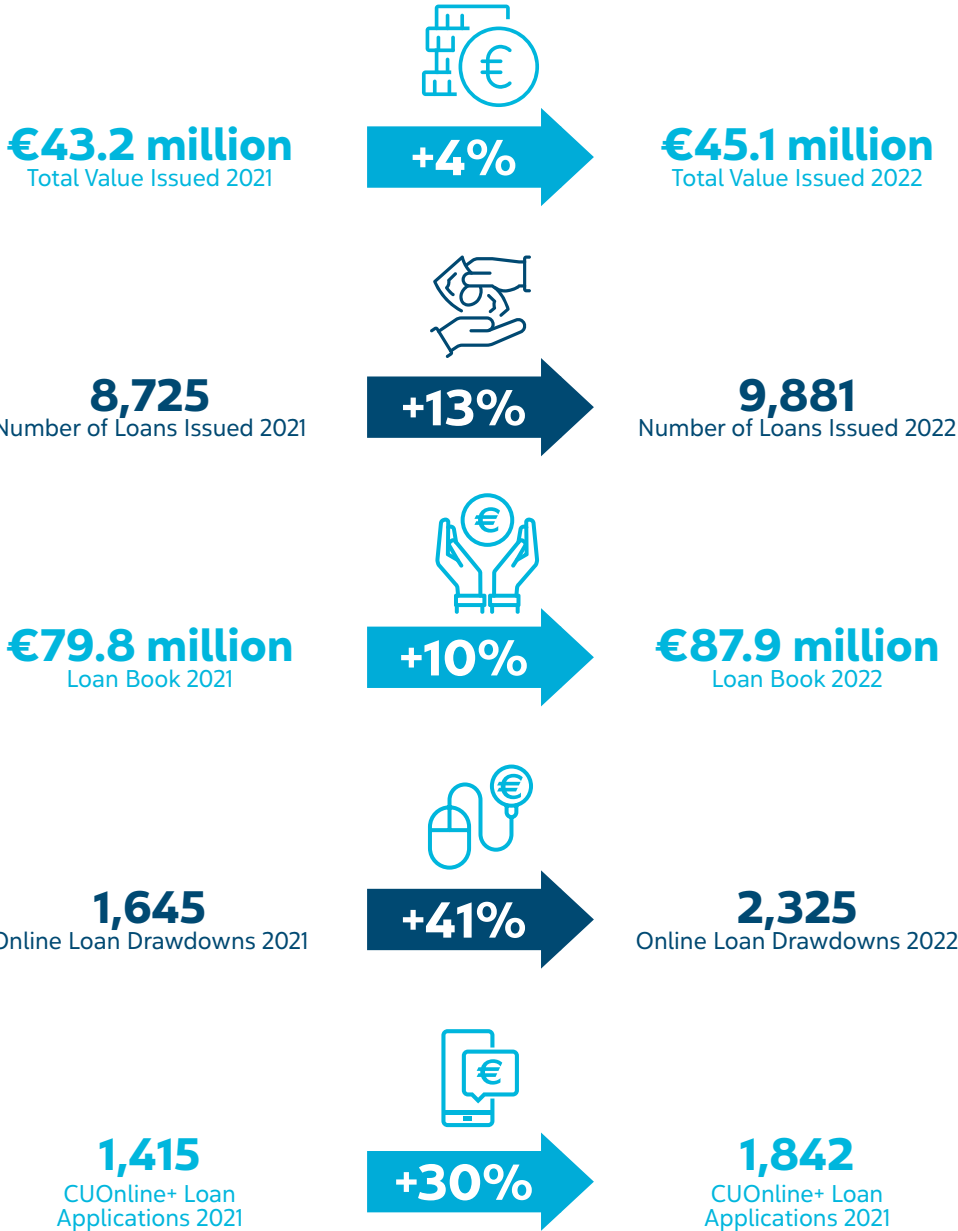
Also, we would like to thank you for your ongoing support throughout the year. By borrowing with us, instead of another credit provider, you are contributing to the support we are able to give back to the local community. Without your engagement and loyalty, we would not be able to provide the support we do, that is the Credit Union difference.

To conclude, in another unprecedented year, thank you for your support and we look forward to continuing to work together with our members to create a better community.



How We Grew This Year

Check out our key achievements this year!





## Proudly Supporting Our Community



Bloomin' Crumlin



Broadford Rovers



Neurodiversity Sandymount



Francis Street School



Naomh Olaf Sandford



Knocklyon Men's Shed

## Member Survey 2022

### Some Comments From Our Members

*"It's so lovely dealing one-to-one with people rather than machines when you need help with anything. Staff are always friendly and helpful without making us feel foolish. I love the wide variety of services and how easy it is to access information"*  
– Anita

*"I see the queues outside building societies while I am in and out with my Credit Union"*  
– Denis

*"I wish to thank Capital Credit Union for many years of service to me as I raised my family and I am now in my pension years"*  
– Caroline

*"The service is always efficient and friendly, both over the phone and in person. It feels like part of the community, much more so than a bank"*  
– Geraldine



*"I can honestly say that the staff are the nicest people I have ever dealt with and I work in a bank. You make the loan application so easy and fast and are so friendly! It is the only place I will go to for a loan"*  
– Adrienne

*"I am happy that we, and our young children have accounts with Capital Credit Union, we are big into the community aspect. We would probably be lost only for the services to date"*  
– Barry

## Directors' Report

### for the financial year ended 30<sup>th</sup> September 2022

The directors present their report and the audited financial statements for the financial year ended 30<sup>th</sup> September 2022.

#### 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 of growth and security for members' resources. The Board reviews and agrees policies for managing each of these risks which are summarised at Note 17.

#### Business Review

The directors acknowledge the results for the year and the year-end financial position of the credit union. Both the level of business and the year-end financial position were satisfactory and were in line with financial projections.

The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to 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 page 21.

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

#### Authorisation

The Credit Union is authorised to conduct investment business 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

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

#### Auditors

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

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

Member of the Board of Directors

*Peter Morrissey*

Member of the Board of Directors

*Ann Walsh*

Date: 18<sup>th</sup> October 2022

#### Directors

Peter Morrissey (Chairperson)  
Ann Walsh (Vice Chairperson)  
John O'Neill (Secretary)  
Marguerite Slyne  
Dylan Kelly  
Karen Cashman

Carmel Ryan  
Christopher Mills  
David Humphreys  
Jim Kelly  
Michele Brady

#### Board Oversight Committee Members

Rachel McCormac  
Sophie O'Connor  
Jack Grehan

## 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

*Peter Morrissey*

Member of the Board of Directors

*Ann Walsh*

Date: 18<sup>th</sup> October 2022

## 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: 18<sup>th</sup> October 2022

# 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 30<sup>th</sup> September 2022 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" issued in the United Kingdom by the Financial Reporting Council and the Credit Union Act 1997 (as amended).

### In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30<sup>th</sup> September 2022 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 described below 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 the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt

on the Credit Union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

### Other Information

The 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 course of 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)

In our opinion, based 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.
- Properly audited and 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 the going concern basis of accounting unless the directors either

intend to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf) 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 Audit Firm  
Block 1 Unit 1 & 4  
Northwood Court  
Santry  
Dublin 9

Date: 18<sup>th</sup> October 2022

## Income & Expenditure Account

for the financial year ended 30<sup>th</sup> September 2022

	Notes	2022 €	2021 €
<b>Income</b>			
Interest on members' loans	4	6,713,430	6,264,120
Other interest income and similar income	5	1,212,740	1,202,645
<b>Net interest income</b>		<u>7,926,170</u>	<u>7,466,765</u>
Other income	7	112,176	72,404
ILCU SPS Refund	26	1,206,352	-
<b>Total income</b>		<u>9,244,698</u>	<u>7,539,169</u>
<b>Expenditure</b>			
Employment costs		2,671,753	2,654,903
Other management expenses (Schedule 4)		3,859,065	3,671,432
Depreciation		275,964	268,400
Net (recoveries) or losses on loans to members	11.4	(602,283)	(473,346)
ILCU Pension deficit	25	1,926,472	-
<b>Total expenditure</b>		<u>8,130,971</u>	<u>6,121,389</u>
<b>Surplus of income over expenditure</b>		1,113,727	1,417,780
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>1,113,727</u>	<u>1,417,780</u>

The financial statements were approved and authorised for issue by the Board of Directors on 18<sup>th</sup> October 2022 and signed on its behalf by:

*Peter Morrissey*  
Chairperson

*Jack Grehan*  
Member of the  
Board Oversight  
Committee

*Gerry McConville*  
Chief Executive Officer

Date: 18<sup>th</sup> October 2022



## Balance Sheet

as at 30<sup>th</sup> September 2022

Notes	2022		2021	
	€	€	€	€
<b>Assets</b>				
Cash and cash equivalents	9	30,506,894	46,516,261	
Property, plant and equipment	10	5,649,589	5,756,472	
Loans to members	11.1	87,968,141	79,877,906	
Provision for bad debts	11.3	(2,957,741)	(3,134,556)	
Prepayments and other debtors	12	1,074,959	969,111	
Deposits and investments	13	167,770,514	156,927,520	
<b>Total Assets</b>		<b>290,012,356</b>	<b>286,912,714</b>	
<b>Liabilities</b>				
Members' shares	14	242,688,558	242,774,678	
Other members funds	15	5,518,197	5,446,355	
Trade creditors and accruals	16	2,851,816	851,623	
		251,058,571	249,072,656	
<b>Members' Resources</b>				
Regulatory reserve	31,901,500	31,555,093		
Operational risk reserve	1,575,785	1,216,585		
Other reserves	5,476,500	5,068,380		
		38,953,785	37,840,058	
<b>Total Liabilities</b>		<b>290,012,356</b>	<b>286,912,714</b>	

The financial statements were approved and authorised for issue by the Board of Directors on 18<sup>th</sup> October 2022 and signed on its behalf by:

*Peter Morrissey*

Chairperson

*Jack Grehan*

Member of the  
Board Oversight  
Committee

*Gerry McConville*

Chief Executive Officer

Date: 18<sup>th</sup> October 2022

## Statement of Changes in Reserves

for the financial year ended 30<sup>th</sup> September 2022

	Regulatory reserve	Operational risk reserve	Other reserves	Revaluation reserve	Community Development Reserve	Developmt Reserve	Total
	€	€	€	€	€	€	€
<b>At 1<sup>st</sup> October 2020</b>	30,273,256	944,512	3,722,724	731,787	-	750,000	36,422,279
Surplus allocation in financial year	1,281,837	-	-	-	-	-	1,281,837
Other movement in reserves	-	272,073	(136,131)	-	-	-	135,942
<b>At 30<sup>th</sup> September 2021</b>	<b>31,555,093</b>	<b>1,216,585</b>	<b>3,586,593</b>	<b>731,787</b>	<b>-</b>	<b>750,000</b>	<b>37,840,058</b>
<b>At 1<sup>st</sup> October 2021</b>	<b>31,555,093</b>	<b>1,216,585</b>	<b>3,586,593</b>	<b>731,787</b>	<b>-</b>	<b>750,000</b>	<b>37,840,058</b>
Surplus allocation in financial year	346,407	359,200	308,120	-	100,000	-	1,113,727
<b>At 30<sup>th</sup> September 2022</b>	<b>31,901,500</b>	<b>1,575,785</b>	<b>3,894,713</b>	<b>731,787</b>	<b>100,000</b>	<b>750,000</b>	<b>38,953,785</b>

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30<sup>th</sup> September 2022 was 11.00% which is in excess of the Credit Union's Regulatory Reserve requirement of 10%.

In accordance with section 45 of the Credit Union Act 1997 (as amended) Capital Credit Union Limited put in place an Operational Risk Reserve.

Following the commencement of Section 13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their Statutory Reserve (now known as the Regulatory Reserve) each year has been removed. The Board of Capital Credit Union Limited has transferred €346,407 of its current year surplus to its regulatory reserve.

The Board of Directors of Capital Credit Union Limited has transferred €100,000 of its current year surplus to a community development reserve.

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

*Peter Morrissey*

Chairperson

*Jack Grehan*

Member of the  
Board Oversight  
Committee

*Gerry McConville*

Chief Executive Officer

Date: 18<sup>th</sup> October 2022

## Statement of Cash Flows

for the financial year ended 30<sup>th</sup> September 2022

	Notes	2022 €	2021 €
<b>Opening cash and cash equivalents</b>		46,516,261	48,982,576
<b>Cash flows from operating activities</b>			
Loans repaid		36,727,732	37,362,164
Loans granted		(45,097,127)	(43,192,542)
Loan interest income		6,709,808	6,311,407
Investment income		1,212,740	1,202,645
Other income received		112,176	72,404
SPS Refund received		1,206,352	-
Bad debts recovered		704,628	774,021
Operating expenses		(6,530,818)	(6,326,335)
ILCU Pension Scheme deficit		(1,926,472)	-
Movement in other assets		(102,226)	104,687
Movement in other liabilities		2,000,193	(230,677)
Net cash generated from/(used in) operating activities		<u>(4,983,014)</u>	<u>(3,922,226)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(169,081)	(89,245)
Net cash flow from other investing activities		<u>(10,842,994)</u>	<u>(11,018,650)</u>
Net cash used in investing activities		<u>(11,012,075)</u>	<u>(11,107,895)</u>
<b>Cash flows from financing activities</b>			
Members' shares received		73,718,092	83,132,833
Members' deposits received		71,842	937,928
Members' shares withdrawn		(73,804,212)	(71,506,955)
Net cash generated from financing activities		<u>(14,278)</u>	<u>12,563,806</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(16,009,367)</u>	<u>(2,466,315)</u>
<b>Cash and cash equivalents at end of financial year</b>	9	<u>30,506,894</u>	<u>46,516,261</u>

## Notes to the Financial Statements

for the financial year ended 30<sup>th</sup> September 2022

### 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 30<sup>th</sup> September 2022 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*****Accounts in authorised credit institutions (Irish and non-Irish based)***

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

***Central Bank deposits***

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.

***Banks bonds***

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.

***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.

**Property, plant and equipment and depreciation**

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

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

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

**Impairment of tangible fixed assets**

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

**Cash and cash equivalents**

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

**Bad debt provision**

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

Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and 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.

### 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 nondistributable.

#### 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 €2,957,741 (2021: €3,134,556) representing 3.36% (2021: 3.92%) of the total gross loan book.

### Critical accounting judgements and estimation uncertainty

#### Pensions

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 scheme of the defined benefit type, with assets invested in separate trustee administered funds. Judgement is required to assess whether Capital Credit Union Limited has sufficient information to enable it to account for the plan as a defined benefit plan. An assessment has been performed of the information currently available and Capital Credit Union Limited has determined that there is currently insufficient information available to provide an appropriate allocation of pension assets and liabilities due to the following:

- Scheme assets are not segregated or tracked by contributing employers. There is insufficient information to appropriately allocate the assets to individual employers as contributions paid are pooled in a single fund and none of the contributing employers have separately segregated asset pools.
- Orphan members are those members (including pensioners) who previously contributed to the scheme where their employer has paid an exit cost and as a result has no further liability to the scheme. A pension liability continues to exist for these individual members. There is uncertainty around where the obligation rests in respect of orphan members currently and into the future.
- The Funding Plan calculations are based on each employer's share of liabilities at a point in time. This does not infer that each employer is contributing towards its liabilities. The determination of the contribution rate is a point in time assessment and is not updated subsequently for changes in the employers' liability that may occur in the future. Subsequently, as the profile of the scheme continues to change, there will continue to be a natural cross subsidisation.

### 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

	2022	2021
	€	€
Closing accrued interest receivable	198,275	194,653
Loan interest received in financial year	6,709,808	6,311,407
Opening accrued loan interest receivable	(194,653)	(241,940)
	<u>6,713,430</u>	<u>6,264,120</u>

### 5. Other Interest Income and Similar Income

	2022	2021
	€	€
Investment income received	<u>1,212,740</u>	<u>1,202,645</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:

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.

### 7. Other Income

	2022	2021
	€	€
Rent received	37,708	28,641
Other income - Commissions	74,468	43,763
	<u>112,176</u>	<u>72,404</u>

### 8. Key Management Personnel

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

	2022	2021
	€	€
Short term employee benefits	657,288	498,644
Pension contribution	65,882	59,264
Total key management personnel compensation	<u>723,170</u>	<u>565,406</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 with a maturity of less than or equal to three months.

	2022	2021
	€	€
Cash and bank balances	<u>30,506,894</u>	<u>46,516,261</u>



## 10. Property, Plant and Equipment

	Land and buildings freehold	Short leasehold property	Long leasehold property	Fixtures, fittings and equipment	Computer equipment	Total
	€	€	€	€	€	€
<b>Cost or Valuation</b>						
At 1 <sup>st</sup> October 2021	5,327,657	194,325	800,158	349,387	219,013	6,890,540
Additions	7,460	-	-	138,584	23,037	169,081
At 30 <sup>th</sup> September 2022	5,335,117	194,325	800,158	487,971	242,050	7,059,621
<b>Depreciation</b>						
At 1 <sup>st</sup> October 2021	400,315	194,325	238,889	200,644	99,895	1,134,068
Charge for the financial year	106,405	-	32,809	80,214	56,536	275,964
At 30 <sup>th</sup> September 2022	506,720	194,325	271,698	280,858	156,431	1,410,032
<b>Net book value</b>						
At 30 <sup>th</sup> September 2022	4,828,397	-	528,460	207,113	85,619	5,649,589
At 30 <sup>th</sup> September 2021	4,927,342	-	561,269	148,743	119,118	5,756,472

## 11. Loans to Members – Financial Assets

### 11.1 Loans to Members

	2022	2021
	€	€
As at 1 <sup>st</sup> October	79,877,906	74,440,852
Advanced during the financial year	45,097,127	43,192,542
Repaid during the financial year	(36,727,732)	(37,362,164)
Loans written off	(279,160)	(393,324)
Gross loans to members	11.2 87,968,141	79,877,906

### 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 percentage 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.

	2022	2022	2021	2021
	€	%	€	%
<b>Gross loans not impaired</b>				
Not past due	74,959,965	85.21	64,792,294	81.11
<b>Gross loans individually impaired</b>				
Not past due	752,348	0.86	1,145,871	1.43
Up to 9 weeks past due	10,562,783	12.01	12,385,526	15.51
Between 10 and 18 weeks past due	863,497	0.98	781,894	0.98
Between 19 and 26 weeks past due	580,938	0.66	443,806	0.56
Between 27 and 39 weeks past due	104,849	0.12	114,791	0.14
Between 40 and 52 weeks past due	70,045	0.08	71,160	0.09
53 or more weeks past due	73,716	0.08	142,564	0.18
Total	13,008,176	14.79	15,085,612	18.89
<b>Total gross loans</b>	87,968,141	100.00	79,877,906	100.00
<b>Impairment allowance</b>				
<b>Total carrying value</b>	87,968,141		79,877,906	

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

	2022	2021
	€	€
As at 1 October	3,134,556	3,227,205
Allowance for loan losses made during the financial year	(279,160)	(393,324)
Allowances reversed during the financial year	102,345	300,675
Increase/(Decrease) in loan provision during the financial year	(176,815)	(92,649)
As at 30 <sup>th</sup> September	2,957,741	3,134,556

## 11.4 Net Recoveries or Losses Recognised for the Financial Year

	2022	2021
	€	€
Bad debts recovered	(704,628)	(774,021)
(Decrease)/Increase in loan provision during the financial year	(176,815)	(92,649)
	(881,443)	(866,670)
Loans written off	279,160	393,324
Net (recoveries)/losses on loans to members recognised for the financial year	(602,283)	(473,346)

## 11.5 Analysis of gross loans outstanding

	2022	2022	2021	2021
	No. of loans	€	No. of loans	€
Less than one year	661	538,622	662	531,993
Greater than 1 year and less than 3 years	8,616	48,283,841	8,271	45,047,717
Greater than 3 years and less than 5 years	1,314	32,101,284	1,225	28,281,627
Greater than 5 years and less than 10 years	46	2,585,942	58	2,631,934
Greater than 10 years and less than 25 years	16	1,185,962	13	907,322
Greater than 25 years	23	3,272,490	19	2,477,315
	10,676	87,968,141	10,248	79,877,908

## 12. Debtors, Prepayments and Accrued Income

	2022	2021
	€	€
Prepayments	232,738	217,557
Accrued income	842,221	751,554
	1,074,959	969,111

## 13. Deposits and Investments

	2022	2021
	€	€
Accounts in authorised credit institutions (Irish and non-Irish based)	113,863,410	124,972,492
Banks bonds	38,582,569	16,630,322
Central Bank deposits	15,324,535	15,324,706
	167,770,514	156,927,520

## 14. Members' Shares - Financial Liabilities

	2022	2021
	€	€
As at 1 <sup>st</sup> October	242,774,678	231,148,800
Received during the financial year	73,718,092	83,132,833
Repaid during the financial year	(73,804,212)	(71,506,955)
As at 30 <sup>th</sup> September	242,688,558	242,774,678

## 15. Other Members Funds

	2022	2021
	€	€
As at 1 <sup>st</sup> October	5,446,355	4,508,427
Received during the financial year	71,842	937,928
As at 30 <sup>th</sup> September	5,518,197	5,446,355

## 16. Other Creditors and Accruals

	2022	2021
	€	€
Accruals	2,851,816	851,623

## 17. 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.

	2022	2021
	€	€
<b>Financial assets</b>		
Financial assets measured at amortised cost	290,012,356	286,912,714
Cash at bank and in hand	30,506,894	46,516,261
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	251,058,571	249,072,656

## 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.

#### 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.

#### 17.1 Interest Rate Risk Disclosure

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

	2022	Average interest rate	2021	Average interest rate
	€	%	€	%
<b>Financial assets</b>				
Gross loans to members	87,968,141	8.12	79,877,909	8.30

#### 17.2 Liquidity Risk Disclosure

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

### 18. Pension Scheme

The Irish League of Credit Unions Republic of Ireland 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.

On 31 March 2022, the defined benefit scheme closed to future accruals and although staff retained all the benefits that they had earned in the scheme to that date, Capital Credit Union Limited and its employees ceased making regular contributions to the scheme and ceased earning any additional benefits from the scheme.

At the date of closure of the scheme, there was a past service deficit which was allocated to each individual credit union based on the total benefits earned by staff in each credit union. Capital Credit Union Limited's allocation of that past service deficit is €1,926,472. This total cost is included in the Income & Expenditure account for the year ended 30 September 2022. €247,212 was paid to the trustees of the scheme during the year. The outstanding liability at the yearend is €1,679,260, this is included in the schedule of accruals.

As this is a pooled pension scheme, Capital Credit Union Limited remains liable to cover the cost of their share of any future increase in the total cost of providing the pension payments to credit union employees who were part of the scheme. Capital Credit Union Limited could exit the scheme and therefore never have to make a potential additional payment requirement but exiting the scheme would incur a substantial additional cost.

If credit unions exit the Scheme, they are required to pay to the trustees the exit amount which the trustees determine is required to fund benefits in respect of their active, deferred and pensioner members on a "no risk" basis. The exiting credit union thereby settles any liability they have to contribute to the Scheme in the future without increasing the risk for remaining credit unions.

The Scheme is a multi-employer scheme and there is pooling of the assets, and the sharing of risks associated with the liabilities for all participating employers. Judgement is required to assess whether Capital Credit Union Limited has sufficient information to provide an appropriate allocation of pension assets and liabilities. An assessment has been performed of the information available and Capital Credit Union Limited has determined that there is currently insufficient information available. Consequently, Capital Credit Union Limited continues to account for the plan as a defined contribution plan.

An actuarial review of the Scheme is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future service liabilities of the Scheme. The last completed triennial actuarial review was carried out with an effective date of 29 February 2020, using the Attained Age valuation method.

There was a review of the Scheme in conjunction with advisors independent of the trustees. The conclusion of this review was that the Scheme should close to future accrual, and this occurred with effect from 31 March 2022 with an associated Funding Plan.

The assets and liabilities of the Scheme and the key assumptions are included in the table below at the respective dates of the Funding Plan and the last triennial valuation date in the table below:

	31 March 2022 €'m	29 February 2020 €'m
Assets	283.4	250.0
Liabilities	377.1	291.8
Deficit	93.7	41.8

Assumptions used	2022	2020
Investment return in the period pre-retirement	3.35%	3.50%
Investment return while in receipt of pension	0.25%	0.40%
Annual indexation of accrued pensions up to retirement	2.05%	1.25%
Annual increases to pension in payment	3%/0%	3%/0%
Life expectancy*		
65 year old male lives to age	87	86
65 year old female lives to age	89	88
Amount of pension exchanged for tax-free cash at retirement	0%	25%

\* Based on 58% of ILT15 (Males), 62% of ILT15 (Females) and annual improvement to annuity rates post retirement of: Males: 0.30%, Females: 0.25% (improvements from 2014).

The ILCU Group's liability in respect of the funding plan based on outstanding contributions payable under the funding plan is set out in the table below:

	31 December 2022 €'m	31 December 2021 €'m
Retirement Benefit Liability	1.68	-

### 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 Credit Union ceased contributing to the New Ireland pension scheme for all staff in August 2022.

### Zurich Pension Scheme

In September 2022 the Credit Union commenced contributing to a Zurich Pension Scheme which is available to all staff. 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 Zurich pension scheme is the current scheme in operation.

## 19. Related Party Transactions

The related party loans stated below 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 0.21% of the total loans outstanding at financial year ended 30<sup>th</sup> September 2022

	No. of loans	2022 €
Loans advanced to Related Parties during the year	3	14,935
Total loans outstanding to Related Parties at the financial year end	12	187,110

The total amount of shares held by related parties at the year end was €60,530.

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

## 20. Insurance Against Fraud

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

## 21. 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.

**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 11% of the total assets of the Credit Union at the Balance Sheet date.

**22. Capital Commitments**

The Credit Union had no material capital commitments at the financial year-ended 30<sup>th</sup> September 2022.

**23. Post-Balance Sheet Events**

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

**24. 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.

**25. ILCU Pension Deficit**

In the current year the Credit Union received confirmation that their liability to the ILCU Pension Scheme deficit is €1,926,472. Independent separate legal and Pension advice was sought by Capital to review the ILCU pension deficit funding. During the current year The

Credit Union discharged €247,212 of the liability. The outstanding liability at the yearend is €1,679,260, this is included in the schedule of accruals, Note 16.

The total cost of the deficit has been recognised in the current year.

**26. ILCU SPS Refund**

At the ILCU AGM the members voted to utilise the Stabilisation Protection Scheme (SPS) to support affiliated credit unions with their pension deficit liabilities. In June 2022 Capital Credit Union were issued a SPS Credit Note to a total value of €1,206,352. In the current year the credit union received 90% of the payment €1,085,684. The outstanding payment owed to the Credit Union, €120,632 is included in the schedule of prepayment, Note 12.

The income received from the SPS refund is included in the Income and Expenditure Account.

**27. Approval Of Financial Statements**

The financial statements were approved, and authorised for issue, by the Board of Directors on 18<sup>th</sup> October 2022.



## Schedules to the Income & Expenditure Account

for the financial year ended 30<sup>th</sup> September 2022

### Schedule 1 - Interest on Loans

	20221	2021
	€	€
<b>Interest on Loans</b>		
Interest on members' loans	6,515,155	6,069,467
Interest on members' loans receivable in 12 months	198,275	194,653
	<u>6,713,430</u>	<u>6,264,120</u>

### Schedule 2 - Investment Income

	2022	2021
	€	€
<b>Investment Income</b>		
Investment Income	1,212,740	1,202,645
	<u>1,212,740</u>	<u>1,202,645</u>

### Schedule 3 - Other Income

	2022	2021
	€	€
<b>Other Income</b>		
Rent received	37,708	28,641
Other income - Commissions	74,468	43,763
	<u>112,176</u>	<u>72,404</u>

## Schedules to the Income & Expenditure Account

for the financial year ended 30<sup>th</sup> September 2022

### Schedule 4 - Other Management Expenses

	2022	2021
	€	€
<b>Other Management Expenses</b>		
Training expenses	16,374	45,353
Rent and rates	200,636	118,245
Savings protection fund	14,190	19,748
Share and loan insurance	787,859	687,705
Insurance	103,654	99,401
ICB/CCR Costs	38,966	42,604
Rental income expenses	7,073	1,268
Light, heat & cleaning	77,281	93,264
Repairs and renewals	30,921	27,903
Equipment maintenance	40,575	43,048
Convention expenses	25,329	-
Printing and stationery	13,784	25,654
Promotion & sponsorship	217,523	207,267
Directors expenses	1,778	440
Telephone and postage	30,993	36,412
IT Expenses	1,094,575	1,102,741
Affiliation fees	75,000	74,160
Travelling and subsistence	3,093	2,641
A.G.M. expenses	62,555	59,739
Oversight Committee Expenses	250	280
Legal and professional fees	193,786	193,103
Strategy	2,344	2,676
Audit	35,670	37,110
Regulatory Levies	469,480	348,230
Bank charges	87,435	114,706
Negative interest	11,228	44,654
Security	62,275	65,657
Debt collection	138,225	167,870
General expenses	16,213	9,553
	<u>3,859,065</u>	<u>3,671,432</u>



### The right protection that's easy to buy and easy to understand.

Peopl believe that insurance should work in your favour. That's why they have created really affordable and fair insurance that puts you first. Peopl get you the right cover, that's easy to buy, and easy to understand.

**HOME INSURANCE** - Peopl guarantee to work every year to get you the lowest offer from their panel of insurance providers, ensuring the cost of your home cover doesn't automatically rise every year.

**LIFE INSURANCE** - Peopl's term life insurance offers the most affordable cover you'll find. They won't be beaten on price, guarantee to match any premium, plus the first month is free.

**TRAVEL INSURANCE** - Peopl's travel insurance is always affordable, kids go free and they include covid cover at no extra cost. Plus no matter what your age they will always insure you.



From October 24 to December 17, 2022, Peopl will pay the **first 10% of your home policy** and you'll pay less Instantly.

**Get a fast and easy quote today!**

0818 293 445

capitalcu.ie

POWERED BY **Peopl.**  
Insurance

\*T&Cs apply. Offer applies to new business Home Insurance building & contents policies only. See peopl.ie for promotion details. Offer runs from October 24 to December 17, 2022. Capital Credit Union is regulated by the Central Bank of Ireland. Reg No. 255CU CUIS Financial Services DAC, t/a Peopl is regulated by the Central Bank of Ireland. Ref No. C182485

### Important Member Information

Below are some changes in our day-to-day operations which members need to be aware of and important things to remember when you engage with Capital Credit Union.

**€50,000**

is the maximum savings an adult member can have

**€10,000**

is the maximum savings a juvenile member can have

**€5,000**

Our Life Savings Insurance is up to a maximum of €5,000

**€6**

It costs €6 a month to avail of our Members Death Benefit Insurance of €3,500



KBC & Ulster Bank Customers don't forget to update us with your new details

**€10**

€10 is the minimum share balance for your account

**24/7**

access to your account with our online banking

**98%**

of all our loans are approved – get in touch today!

# Introducing Our New Prize Draw in 2023!

From January 2023, we will be switching from a Car Draw to a Prize Draw, and you can join for just €5 a month!

This means we will be able to give away more money in prizes each month and members will have more choice in how to spend their winnings!

€40,000 will be given away every month, along with additional Bumper Draws throughout the year and with more prizes every month, you'll have an even better chance to win!

Car Draw members will be automatically entered into the new draw, but if you would like to join the Prize Draw, scan the QR Code or visit the link below. Terms and conditions apply.

<https://capitalcu.ie/service/members-prize-draw/>



## Car Draw Winners

Month	Car
October 2021	Peter Hickey
November 2021	Pauline Conlon
December 2021	Christopher King
January 2021	James Byrne / Kathleen O'Connor
February 2021	Caoimhe Humphreys
March 2021	Dymphna Jones
April 2021	Daniela Nikova
May 2021	James Stafford
June 2021	Louise Donohue
July 2021	Melissa Lyons
August 2021	Anthony Ennis
September 2021	Declan Callan

# 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 & 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.
- 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. As part of this, the Governance & Nomination Committee has recommended and sourced 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.

## Potential New Directors

Volunteers are the life blood of our organisation. We would welcome interested members to come forward to learn more about becoming a volunteer member of one of our committees and the Board of Directors. It's an excellent opportunity to learn new skills; boost your CV; be part of a community; make a difference!

New volunteers also help us to maintain a steady stream of potential new Directors, who can gain the appropriate knowledge, experience, and skills to come onto the Board. To express an interest in volunteering with the credit union, please forward your CV and a cover letter to [awalsh@capitalcu.ie](mailto:awalsh@capitalcu.ie).

## Committee Members:

Ann Walsh, Chairperson. Karen Cashman, Marguerite Slyne, Peter Morrissey.

## Report of the Audit, Risk & Compliance Committee

### Internal Audit

Under the Credit Union Act 1997 (as amended) ("the Act"), Capital Credit Union 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.

Moore Ireland report quarterly through this Committee to the Board of Directors on key areas including, but not limited to, ICT Systems, Lending, Risk Management, Governance and Operational Resilience, Management Information, and 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 & Compliance

The role of the ARC Committee is to monitor identified risks and risk scores that could negatively impact Capital Credit Union and its members.

The ARC 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. The committee is satisfied that the Credit Union has the necessary policies and procedures in place to ensure that it will be compliant with any new requirements as they are introduced. The Committee is pleased that all risks are managed to a level that minimises the threat to Capital Credit Union and its members.

Each month the Committee makes a full report to the Board. In addition, the Head of Compliance and Risk Management Officer make a detailed presentation to the Board of Directors quarterly on the status of the area of compliance, risk management and Anti-Money Laundering.

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

We wish to acknowledge the excellent work over the last number of years of William O'Donovan who has recently retired from his position as Risk Management Officer.

### Audit, Risk & Compliance Committee Members:

Michele Brady, Jim Kelly, Christopher Mills, John O'Neill.

## Report of the Board Oversight Committee

Dear Member

The role of the Board Oversight Committee ("the BOC") is to assess whether the Board has operated in accordance with Part IV and Part IV(a) of the Credit Union Act 1997 (as amended) ("the Act") and any other matter prescribed by the Central Bank. We can confirm that we have conducted 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 perform our duties as members of the BOC.

We can confirm that the Board has operated in accordance with Part IV and Part IV(a) of the Act during the year. The 2022 financial year was another challenging year for all credit unions. To meet the ongoing challenges, your credit union continues to adapt and develop to provide services that meet the needs of the members. The Board works hard on your behalf to ensure that your credit union continues to prosper. Members of the Board, who are all volunteers, give generously of their time to ensure that your credit union is controlled, directed, and managed in accordance with the requirements of the Act. Throughout the year they participate in numerous Board and Board Sub-Committee meetings. They set the strategy of your credit union, which lays the foundations for its continuing success. They also engage with regulators and other stakeholders to continue to develop your credit union. We would like to commend the Board, for their continuing leadership, commitment, and endeavours on behalf of the members during these extraordinary times.

We acknowledge the ongoing commitment of the management team and the staff and appreciate their excellent work in continuing to provide an exceptional service to members in difficult circumstances.

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.

## Accrued Interest Refund

Members were informed in the 2021 Annual Report that Capital Credit Union Limited had commenced reviewing the potential impact, if any, to members relating to accrued interest outstanding on members top up loans, following on from correspondence issued to all credit unions by the Central Bank. The initial review had indicated that any potential liability regarding collection of accrued interest would be limited to members that had topped up loans in credit unions prior to them being transferred into Capital Credit Union Limited.

The review has been completed, and we have become aware that there was an issue with how the accrued interest amount was presented on the credit agreements of some of those borrowing members from Knocklyon Credit Union Limited prior to their Transfer of Engagements into Capital Credit Union Limited on 30 January 2012.

The Board of Capital Credit Union has decided that a full refund of the accrued interest amounts will be made to the affected members of the former Knocklyon Credit Union on affected top up loans issued by Knocklyon Credit Union between 1 January 2012 and 30 January 2012.

## Update your Account Records

To comply with the Criminal Justice (Money Laundering & Terrorist Financing) Acts 2010 – 2021, we are asking members to ensure that their identification documentation is on file and kept up to date.

By law, we are required to have both up-to-date valid Photo ID and Address Verification for all our members. The following are examples of acceptable Photo ID documents:

- Valid Passport
- Valid Driving Licence

The following are examples of acceptable Address Verification documents:  
(Please note this document must be dated within the previous 6 months)

- Utility Bill
- Bank Statement / Fee Notification
- Motor/House Insurance Certificate

\*For a full list of acceptable documents, please see: [capitalcu.ie/members/](https://capitalcu.ie/members/)

You can present your documents to any of our offices and staff will update your records. Alternatively, you can go to [capitalcu.ie/members/](https://capitalcu.ie/members/) and upload your documentation from the comfort of your own home.



## Scholarship Testimonials



*I spent all last year working to save up for my fees and so winning the Scholarship draw means so much to me. I've lived near the Sandymount branch all my life and have been saving with Capital Credit Union since I was small. This scholarship will give me some breathing room to cut back my working hours and focus on doing as best I can in my degree. ~ Ella*

*I am a single mother of 3 boys who has recently gone back to education to become a mature student. I applied for this scholarship as now I am in first year in college, I want to focus more on my studies than work. I will use the money to buy my yearly parking permit and tax my car for the year. This is a great help and I really appreciate being selected. ~ Monica*



*I've just started a PLC course on Film, Photography and Radio. I applied for the Higher Education Scholarship because it would make my day-to-day third level experience easier and remove financial worries like my leap card. I am very grateful for the scholarship, and I know it will be very helpful to my third level experience, thank you. ~ Jacob*

### Scholarship Winners 2022

Emma Murphy  
Monica Johanna Caulfield  
Sarah Maguire  
Megan Calton  
Katie Fitzpatrick  
Ella Keogh  
Chloe Murphy

Lisa-Bernice Mbu  
Lauren Mooney  
Bronagh Hogan  
Laura Rooney Saunders  
Connie McGowan  
Eleanor Sweeney  
Aileen O'Dalaigh

Katelyn Mc Elroy  
Shane Cullinan  
Ciarán Fox  
Eoin Johnson  
Jacob Magahy  
Ruth Tutty

For more information on our Scholarship Awards, visit [www.capitalcu.ie](https://www.capitalcu.ie)





Capital  
Credit Union

**Special  
Reduced  
Rate**

# Switch & Save Today!

**Reduce your loan repayments with us!**

- ↻ Borrow up to €100,000
- ↻ Flexible repayment options
- ↻ Manage one monthly repayment

**Get in touch today**



**(01) 299 0400**



**info@capitalcu.ie**



**www.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. Changing your loans may result in you paying over a longer term and/or paying more interest over the life of your loan.