



AGM 2021

Notice of AGM & Financial Statements

The Annual General Meeting
of the members
of Mallow Credit Union
will be held virtually
on Wednesday 22nd December 2021
at 6pm.



Mallow
Credit Union Ltd.
www.mallowcu.ie

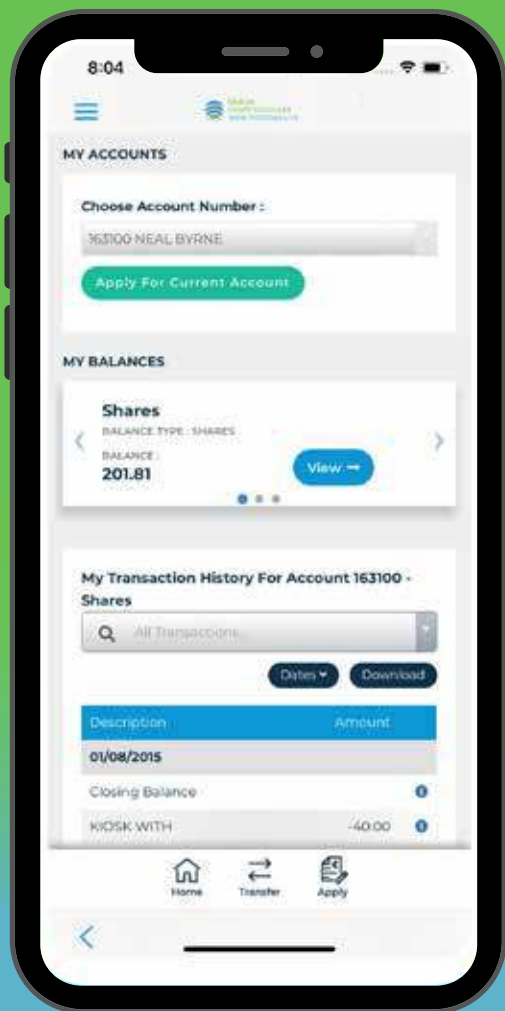


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Order of Business

1. Acceptance of Proxies (if any) by the Board of Directors.
2. Acceptance that a quorum is present.
3. Adoption of Standing Orders.
4. Reading and approval (or correction) of the minutes of the last Annual General Meeting and any intervening Special General Meeting.
5. Appointment of Tellers.
6. Report of the Nominating Committee.
7. Balloting.
8. Report of the Board of Directors.
9. Financial and Auditors Report, Consideration of Accounts, Declaration of Dividend (If any) and Approval of Social Fund and ILCU Member Affiliation Fee.
10. Report of the Credit Committee.
11. Report of the Board Oversight Committee.
12. Report of the Membership Committee.
13. Report of the Credit Control Committee.
14. Report of the Local Area Groups.
15. Unfinished Business.
16. Notice of Motion – Amendment to Rules.
17. New Business other than Elections.
18. Announcement of Election Result.
19. Adjournment or close of Meeting.

Notice of Elections

Elections will be held to fill the following vacancies:

- 4 vacancies on the Board of Directors
- 2 vacancies on the Board Oversight Committee
- The Position of Auditor

Amendments to Standard Rules

Motion 1

That this Annual General Meeting amends Rule 5(1) of the Standard Rules for Credit Unions (Republic of Ireland) as follows:

- a. In paragraph (vi) by the removal of "and" so as to read as follows: (vi) the improvement of the well-being and spirit of the members' community;
- b. In paragraph (vii) by the substitution of "." for "; and" so as to read as follows: (vii) subject to section 48 of the Act, the provision to its members of such additional services as are for their mutual benefit; and
- c. And the insertion of the following: (viii) the provision of the following additional service by the credit union to the members subject to the prior approval of the Registrar of Credit Unions and any other permissions or licences that may be required by law: Member Personal Current Account Services (MPCAS).

Motion 2

That this Annual General Meeting amends Rule 98(2)(d) of the Standard Rules for Credit Unions (Republic of Ireland) by the deletion of "and" in line 4 so as to read as follows:

- (d) shall, within the relevant period, be delivered personally or by post to the Bank, to the auditor, to the Irish League of Credit Unions and to each member of the credit union and, if delivered by post to any member, shall be so delivered to the address of that member as recorded in the books of the credit union;

Motion 3

That this Annual General Meeting amends Rule 99(3)(a) of the Standard Rules for Credit Unions (Republic of Ireland) to provide for the notice requirements for an adjourned meeting (to include information with respect to an electronic meeting) so as to read as follows:

- (3) Subject to paragraph (3) in rule 98:
 - a. Paragraph (2)(a), (b), (d), (e), (f) of Rule 98 shall apply to a notice under paragraph (2)(b) of this rule as they apply to a notice under paragraph (1) of that rule; and



Directors' Report

For the financial year ended 30 September 2021

The directors present their annual report and the audited financial statements for the financial year ended 30 September 2021.

Principal activity

The principal activity of the business continues to be the operation of a credit union.

Authorisation

The credit union is authorised as follows:

- Insurance, reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018.
- Investment Intermediaries (Restricted Activity Investment Product Intermediary) pursuant to Section 26 of the Investment Intermediaries Act, 1995 (as amended).
- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

Business review

The directors acknowledge the results for the year and the year-end financial position of the credit union.

The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

Dividends and loan interest rebates

The directors are not proposing a dividend or loan interest rebate in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend or loan interest rebate).

Principal risks and uncertainties

The principal risks and uncertainties faced by the credit union are:

Credit risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss.

Lack of loan demand

Lending is the principle activity of the credit union and the credit union is reliant on it for generating income to cover costs and generate a surplus.

Market risk

Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events.

COVID-19 risk

There is an economic and operational risk relating to the uncertainty surrounding the impact of the COVID-19 pandemic.

Directors' Report (continued)

For the financial year ended 30 September 2021

These risks and uncertainties are managed by the board of directors as follows:

Credit risk

In order to manage this risk, the board of directors regularly reviews and approves the credit union's loans policy. All loan applications are assessed with reference to the loans policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Lack of loan demand

The credit union provide lending products to its members and promote these products through various marketing initiatives.

Market risk

The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

Liquidity risk

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due.

Operational risk

The operational risk of the credit union is managed through the employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and are further supported with a robust reporting structure.

COVID-19 risk

The board of directors and management closely monitor the evolution of the COVID -19 pandemic and continue to take appropriate actions to mitigate any possible adverse effects on the credit union.

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 accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the credit union are maintained at the credit union's premises at 135 Bank Place, Mallow, Co. Cork.

Events after the end of the financial year

There have been no significant events affecting the credit union since the year end.

Auditors

In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board and signed on its behalf by:

Chairperson of the Board of Directors: Anne van der Molen

Date: 26/11/2021

Member of the Board of Directors: Tom Cronin

Date: 26/11/2021

Directors' Responsibilities Statement

For the financial year ended 30 September 2021

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors are also responsible for preparing the other information included in the annual report. 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 period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- 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 are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended) and enable the financial statements to be audited. They are also 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.

On behalf of the board:

Chairperson of the Board of Directors: Anne van der Molen

Date: 26/11/2021

Member of the Board of Directors: Tom Cronin

Date: 26/11/2021

Board Oversight Committee's Responsibilities Statement

For the financial year ended 30 September 2021

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 of Ireland in respect of which they are to have regard to in relation to the board of directors.

On behalf of the board oversight committee:

Chairperson of the Board Oversight Committee: Ciaran Treacy

Date: 26/11/2021

Independent Auditor's Report to the members of Mallow Credit Union Limited

Opinion

We have audited the financial statements of Mallow Credit Union Limited, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30 September 2021, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Mallow Credit Union Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30 September 2021 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 director's use of 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

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed on the other information, 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.

Independent Auditor's Report (continued)

to the members of Mallow Credit Union Limited

Matters on which we are required to report by the Credit Union Act, 1997 (as amended)

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

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- in our opinion proper accounting records have been kept by the credit union;
- the financial statements are in agreement with the accounting records of the credit union; and
- the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with section 111(1)(c) of the Act.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine 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 intends to liquidate the credit union or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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 their 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.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the credit union to cease to continue as a going concern.

Independent Auditor's Report (continued)

to the members of Mallow Credit Union Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

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

This 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.

Denise O'Connell FCA
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Mill House, Henry Street, Limerick

Date: 26/11/2021

Income and expenditure account

For the financial year ended 30 September 2021

		2021	2020
	Schedule	€	€
Income			
Interest on loans		2,925,266	2,876,946
Other interest income and similar income	1	1,247,937	1,325,750
Net interest income		4,173,203	4,202,696
Other income	2	268,029	105,018
Total income		4,441,232	4,307,714
Expenditure			
Employment costs	3	1,787,789	1,809,773
Other management expenses	4	2,117,874	2,171,128
Depreciation		161,884	169,579
Net impairment (gains)/losses on loans (note 5)		(1,015,297)	31,014
Total expenditure		3,052,250	4,181,494
Surplus for the financial year		1,388,982	126,220

The financial statements were approved and authorised for issue by the board and signed on behalf of the credit union by:

CEO: Tomás O'Neill

Date: 26/11/2021

Member of the Board Oversight Committee: Ciaran Treacy

Date: 26/11/2021

Member of the Board of Directors: Anne van der Molen

Date: 26/11/2021

The notes on pages 16 to 30 form part of these financial statements.

Statement of other comprehensive income

For the financial year ended 30 September 2021

	2021 €	2020 €
Surplus for the financial year	1,388,982	126,220
Other comprehensive income	-	-
Total comprehensive income for the financial year	1,388,982	126,220

The financial statements were approved and authorised for issue by the board and signed on behalf of the credit union by:

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Date: 26/11/2021

The notes on pages 16 to 30 form part of these financial statements.

Balance sheet

As at 30 September 2021

	Notes	2021 €	2020 €
Assets			
Cash and balances at bank		4,710,106	1,368,309
Deposits and investments – cash equivalents	7	42,092,707	42,046,204
Deposits and investments – other	7	129,154,237	121,024,757
Loans	8	35,923,363	35,630,832
Provision for bad debts	9	(4,012,188)	(4,376,893)
Tangible fixed assets	10	3,450,831	3,559,865
Investments in associates	11	265,000	265,000
Debtors, prepayments and accrued income	12	285,473	130,816
Total assets		211,869,529	199,648,890
Liabilities			
Members' shares	13	183,496,628	172,559,302
Other liabilities, creditors, accruals and charges	14	985,197	1,094,246
Other provisions	15	31,841	28,461
Total liabilities		184,513,666	173,682,009
Reserves			
Regulatory reserve	17	22,246,294	21,736,737
Operational risk reserve	17	1,051,072	1,051,072
Other reserves			
– Realised reserves	17	3,971,884	3,096,875
– Unrealised reserves	17	86,613	82,197
Total reserves		27,355,863	25,966,881
Total liabilities and reserves		211,869,529	199,648,890

The financial statements were approved and authorised for issue by the board and signed on behalf of the credit union by:

CEO: Tomás O'Neill

Date: 26/11/2021

Member of the Board Oversight Committee: Ciaran Treacy

Date: 26/11/2021

Member of the Board of Directors: Anne van der Molen

Date: 26/11/2021

The notes on pages 16 to 30 form part of these financial statements.

Statement of changes in reserves

For the financial year ended 30 September 2021

	Regulatory reserve €	Operational risk reserve €	Realised reserves €	Unrealised reserves €	Total €
As at 1 October 2019	20,612,175	1,051,072	4,213,632	74,902	25,951,781
Surplus for the year	–	–	118,925	7,295	126,220
Dividends and loan interest rebates paid	–	–	(111,120)	–	(111,120)
Transfers between reserves	<u>1,124,562</u>	<u>–</u>	<u>(1,124,562)</u>	<u>–</u>	<u>–</u>
As at 1 October 2020	21,736,737	1,051,072	3,096,875	82,197	25,966,881
Surplus for the year	–	–	1,383,690	5,292	1,388,982
Transfers between reserves	<u>509,557</u>	<u>–</u>	<u>(508,681)</u>	<u>(876)</u>	<u>–</u>
As at 30 September 2021	<u>22,246,294</u>	<u>1,051,072</u>	<u>3,971,884</u>	<u>86,613</u>	<u>27,355,863</u>

- The regulatory reserve of the credit union as a percentage of total assets as at 30 September 2021 was 10.50% (2020: 10.89%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30 September 2021 was 0.50% (2020: 0.53%).

The notes on pages 16 to 30 form part of these financial statements.

Statement of cash flows

For the financial year ended 30 September 2021

	Notes	2021 €	2020 €
Opening cash and cash equivalents		43,414,513	29,315,744
Cash flows from operating activities			
Loans repaid	8	16,836,492	18,528,142
Loans granted	8	(17,299,354)	(15,548,070)
Interest on loans		2,925,266	2,876,946
Other interest income and similar income		1,247,937	1,325,750
Bad debts recovered and recoveries		820,923	790,538
Other income		268,029	105,018
Dividends paid		-	(39,612)
Loan interest rebates paid		-	(71,508)
Operating expenses		(3,905,663)	(3,980,901)
Movement in other assets and liabilities		(260,326)	509,254
Net cash flows from operating activities		633,304	4,495,557
Cash flows from investing activities			
Fixed asset (purchases)/disposals		(52,850)	(221,734)
Net cash flow from other investing activities		(8,129,480)	6,661,863
Net cash flows from investing activities		(8,182,330)	6,440,129
Cash flows from financing activities			
Members' shares received	13	103,628,537	107,324,627
Members' shares withdrawn	13	(92,691,211)	(104,161,544)
Net cash flow from financing activities		10,937,326	3,163,083
Net (decrease)/increase in cash and cash equivalents		3,388,300	14,098,769
Closing cash and cash equivalents	6	46,802,813	43,414,513

The notes on pages 16 to 30 form part of these financial statements.

Notes to the financial statements

For the financial year ended 30 September 2021

1. Legal and regulatory framework

Mallow 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 135 Bank Place, Mallow, Co. Cork.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and Irish statute comprising of the Credit Union Act, 1997 (as amended). The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Euro (€) which is also the functional currency of the credit union.

The following principal accounting policies have been applied:

2.2 Statement of compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

2.3 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.

2.4 Income

Interest on loans

Interest on loans is recognised on an accruals basis using the effective interest method.

Deposit and investment income

Deposit and investment income is recognised on an accruals basis using the effective interest method.

Other income

Other income is recognised on an accruals basis.

2.5 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.

2.6 Deposits and investments

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 uncollectability.

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

2. Accounting policies (continued)

2.6 Deposits and investments (continued)

Central bank deposits

Credit unions are obliged to maintain certain minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the credit union but to which the credit union has restricted access. The regulatory minimum portion will not ordinarily be returned to the credit union while it is a going concern and is separately identified in note 7, Deposits and investments – other. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and are separately identified in note 7, Deposits and investments – cash equivalents. The amounts held on deposit with the Central Bank 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 plus accrued income less impairment.

2.7 Financial assets – loans

Loans are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset has expired, usually when all amounts outstanding have been repaid by the member.

2.8 Provision for bad debts

The credit union assesses if there is objective evidence that any of its loans are impaired with due consideration of environmental factors. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Bad debt provisioning is monitored by the credit union, and the credit union assesses and approves its provisions and the adequacy of same on a regular basis.

Any bad debts/impairment losses are recognised in the income and expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The credit union adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the credit union. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Premises	2% straight line
Fixtures & fittings	20% straight line
Computer & office equipment	25% straight line
Security equipment	12.5% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income and expenditure account.

2.10 Impairment of assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income and expenditure account.

2.11 Investments in associates

Investments in associates are accounted for at cost less impairment.

2.12 Other receivables

Other receivables such as prepayments are initially measured at transaction price including transaction costs and are subsequently measured at amortised cost using the effective interest method.

2.13 Financial liabilities – members' shares

Members' shares and members' deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at amortised cost.

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

2. Accounting policies (continued)

2.14 Other payables

Short term other liabilities, creditors, accruals and charges are measured at the transaction price.

2.15 Pension costs

The credit union operates a defined contribution pension scheme. The assets of this scheme are held separately from those of the credit union in independently administered funds. Employer contributions to the pension scheme are charged to the income and expenditure account in the period to which they relate.

2.16 Holiday pay

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.17 Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations of the credit union specified in the contract are discharged, cancelled or expired.

2.18 Regulatory reserve

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

2.19 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 directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve. The credit union uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the Operational Risk Reserve. Therefore the credit union will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

2.20 Other reserves

Other reserves are the accumulated surpluses to date 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. The directors have deemed it appropriate that 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".

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

2. Accounting policies (continued)

2.21 Distribution policy

Dividends and loan interest rebates are made from the current year's surplus or reserves set aside for that purpose. The board's proposed dividends and loan interest rebates to members each year is based on the distribution policy of the credit union.

The rate of dividends and loan interest rebates recommended by the board will reflect:

- the risk profile of the credit union, particularly in its loan and investments portfolios;
- the board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the credit union.

For this reason the board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements.

The credit union accounts for dividends and loan interest rebates when members ratify such payments at the Annual General Meeting.

2.22 Taxation

The credit union is not subject to income tax or corporation tax on its activities.

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

3. Judgements in applying accounting policies and key source of estimation uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Determination of depreciation, useful economic life and residual value of tangible assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the year end was €3,450,831 (2020: €3,559,865).

Provision for bad debts

The credit union's accounting policy for impairment of loans is set out in the accounting policy in note 2.8. 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 €4,012,188 (2020: €4,376,893) representing 11.17% (2020: 12.28%) of the total gross loan book.

Investment in associates

The investment in associates represents the credit union's investment in Metacu Management Designated Activity Company. This investment was made for operational purposes. The credit union holds 6.25% Redeemable A Ordinary shares in the company and through the terms of the shareholders agreement agreed between each of the participating credit unions, the credit union is deemed to have influence over the operations of this company. Therefore the investment has been accounted for as an investment in an associate.

Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have developed an approach to the calculation of the operational risk reserve. The credit union uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the operational risk reserve. The operational risk reserve of the credit union at the year end was €1,051,072 (2020: €1,051,072).

Adoption of going concern basis for financial statements preparation

The credit union continue to closely monitor the evolution of the COVID-19 pandemic. The directors have prepared projections and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the credit union's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the credit union was unable to continue as a going concern.

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

4 Key management personnel compensation

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

	2021 €	2020 €
Short term employee benefits paid to key management	420,444	356,366
Payments to pension schemes	29,007	22,151
Total key management personnel compensation	449,451	378,517

5. Net impairment (gains)/losses on loans

	2021 €	2020 €
Bad debts recovered	(733,566)	(663,289)
Impairment of loan interest reclassified as bad debt recoveries	(87,357)	(127,249)
Movement in bad debts provision during the year	(364,705)	134,640
Loans written off during the year	170,331	686,912
Net impairment (gains)/losses on loans	(1,015,297)	31,014

6. Cash and cash equivalents

	2021 €	2020 €
Cash and balances at bank	4,710,106	1,368,309
Deposits and investments – cash equivalents (note 7)	42,092,707	42,046,204
Total cash and cash equivalents	46,802,813	43,414,513

7. Deposits and investments

	2021 €	2020 €
Deposits and investments – cash equivalents		
Accounts in authorised credit institutions (Irish and non-Irish based)	10,281,612	40,014,844
Central Bank deposits	31,811,095	2,031,360
Total deposits and investments – cash equivalents	42,092,707	42,046,204
Deposits and investments – other		
Accounts in authorised credit institutions (Irish and non-Irish based)	94,907,281	93,523,232
Irish and EEA state securities	–	1,809,569
Bank bonds	32,579,179	24,143,316
Central Bank deposits	1,667,777	1,548,640
Total deposits and investments – other	129,154,237	121,024,757
Total deposits and investments	171,246,944	163,070,961

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

8. Financial assets - loans

	2021 €	2020 €
As at 1 October	35,630,832	39,297,816
Loans granted during the year	17,299,354	15,548,070
Loans repaid during the year	<u>(16,836,492)</u>	<u>(18,528,142)</u>
Gross loans and advances	36,093,694	36,317,744
Bad debts		
Loans written off during the year	<u>(170,331)</u>	<u>(686,912)</u>
As at 30 September	<u>35,923,363</u>	<u>35,630,832</u>
Loans are analysed as follows:	2021 €	2020 €
Loans to members	35,763,984	35,296,653
Other loans	<u>159,379</u>	<u>334,179</u>
As at 30 September	<u>35,923,363</u>	<u>35,630,832</u>

9. Provision for bad debts

	2021 €	2020 €
As at 1 October	4,376,893	4,242,253
Movement in bad debts provision during the year	<u>(364,705)</u>	<u>134,640</u>
As at 30 September	<u>4,012,188</u>	<u>4,376,893</u>
The provision for bad debts is analysed as follows:	2021 €	2020 €
Grouped assessed loans	<u>4,012,188</u>	<u>4,376,893</u>
Provision for bad debts	<u>4,012,188</u>	<u>4,376,893</u>

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

10. Tangible fixed assets

	Premises €	Fixtures & Fittings €	Computer & Office Equipment €	Security Equipment €	Total €
Cost					
1 October 2020	5,338,033	57,082	167,190	159,512	5,721,817
Additions	–	3,879	29,199	19,772	52,850
Disposals	–	(20,601)	(52,043)	–	(72,644)
At 30 September 2021	5,338,033	40,360	144,346	179,284	5,702,023
Depreciation					
1 October 2020	2,025,889	27,885	92,987	15,191	2,161,952
Charge for year	91,612	10,698	37,781	21,793	161,884
Disposals	–	(20,601)	(52,043)	–	(72,644)
At 30 September 2021	2,117,501	17,982	78,725	36,984	2,251,192
Net book value					
At 30 September 2021	3,220,532	22,378	65,621	142,300	3,450,831
At 30 September 2020	3,312,144	29,197	74,203	144,321	3,559,865

11. Investments in associates

Cost

At 1 October 2020 and 30 September 2021

€
265,000

Accumulated impairment

At 1 October 2020 and 30 September 2021

–

Net book value

At 30 September 2021

265,000

At 30 September 2020

265,000

Interests in associates

The credit union has interests in the following associate:

Associate	Registered Address	Type of shares held	Proportion held %	Net Assets €	Profit or (Loss) €
Metacu Management Designated Activity Company	14 Ely Place Dublin 2 Ireland	Redeemable A Ordinary	6.25%	4,025,400	(103,564)

The above financial information in respect of Metacu Management Designated Activity Company was extracted from the audited financial statements for the year ended 31 December 2020.

The effect of including this investment as if it had been accounted for using the equity method would be as follows:

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

11. Investments in associates (continued)

The effect of including this investment as if it had been accounted for using the equity method would be as follows:

	Share of net assets €
At 1 October 2020	258,060
Share of profit/(loss) for the financial year after tax	(6,473)
At 30 September 2021	251,587

12. Debtors, prepayments and accrued income

	2021 €	2020 €
Prepayments	194,465	48,932
Other debtors	10,000	-
Loan interest receivable	81,008	81,884
As at 30 September	285,473	130,816

13. Members' shares

	2021 €	2020 €
As at 1 October	172,559,302	169,396,219
Received during the year	103,628,537	107,324,627
Withdrawn during the year	(92,691,211)	(104,161,544)
As at 30 September	183,496,628	172,559,302

14. Other liabilities, creditors accruals and charges

	2021 €	2020 €
Accruals	780,671	928,886
PAYE/PRSI	87,236	44,691
Other liabilities and creditors	117,290	120,669
As at 30 September	985,197	1,094,246

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

15. Other provisions

	2021	2020
	€	€
Holiday pay accrual		
At 1 October	28,461	42,363
Charged to the income and expenditure account	3,380	(13,902)
As at 30 September	31,841	28,461

16. Financial instruments

16a. Financial instruments – measured at amortised cost

Financial assets	2021	2020
	€	€
Financial assets measured at amortised cost	206,140,138	193,919,769
Financial liabilities	2021	2020
	€	€
Financial liabilities measured at amortised cost	184,513,666	173,682,009

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans, other debtors and investments in associates.

Financial liabilities measured at amortised cost comprise of members' shares, other liabilities, creditors, accruals and charges and other provisions.

16b. Financial instruments – fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

The table below sets out fair value measurements using the fair value hierarchy:

At 30 September 2021	Total	Level 1	Level 2	Level 3
	€	€	€	€
Bank bonds	6,015,275	–	6,015,275	–
Total	6,015,275	–	6,015,275	–
 At 30 September 2020	 Total	 Level 1	 Level 2	 Level 3
	€	€	€	€
Bank bonds	6,415,333	–	6,415,333	–
Total	6,415,333	–	6,415,333	–

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30 September 2021 (2020: €nil).

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

17. Reserves

	Balance 01/10/20	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/21
	€	€	€	€
Regulatory reserve	21,736,737	–	509,557	22,246,294
Operational risk reserve	1,051,072	–	–	1,051,072
Other reserves				
Realised				
General reserve	3,096,875	1,383,690	(508,681)	3,971,884
Total realised reserves	3,096,875	1,383,690	(508,681)	3,971,884
Unrealised				
Interest on loans reserve	81,884	–	(876)	81,008
Investment income reserve	313	5,292	–	5,605
Total unrealised reserves	82,197	5,292	(876)	86,613
Total reserves	25,966,881	1,388,982	–	27,355,863

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

18. Credit risk disclosures

In line with regulatory requirements, the credit union:

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

The carrying amount of the loans 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.

	2021		2020	
	€	%	€	%
Loans not impaired				
Total loans not impaired, not past due	<u>27,180,085</u>	<u>75.66%</u>	<u>25,295,021</u>	<u>70.99%</u>
Impaired loans:				
Not past due	1,379,291	3.84%	2,701,052	7.58%
Up to 9 weeks past due	5,559,100	15.48%	5,627,453	15.80%
Between 10 and 18 weeks past due	581,051	1.62%	649,069	1.82%
Between 19 and 26 weeks past due	237,982	0.66%	302,845	0.85%
Between 27 and 39 weeks past due	216,493	0.60%	265,254	0.74%
Between 40 and 52 weeks past due	175,321	0.49%	270,067	0.76%
53 or more weeks past due	<u>594,040</u>	<u>1.65%</u>	<u>520,071</u>	<u>1.46%</u>
Total impaired loans	<u>8,743,278</u>	<u>24.34%</u>	<u>10,335,811</u>	<u>29.01%</u>
Total loans	<u>35,923,363</u>	<u>100.00%</u>	<u>35,630,832</u>	<u>100.00%</u>

20. Related party transactions

	2021		2020	
	No. of Loans	€	No. of Loans	€
Loans advanced to related parties during the year	12	223,500	11	53,500
Total loans outstanding to related parties at the year end	20	344,747	16	217,341
Total provisions for loans outstanding to related parties		35,544		20,658

The related party loans stated above comprise of loans outstanding to directors and the management team (to include their family members or any business in which the directors or management team had a significant shareholding). Total loans outstanding to related parties represents 0.96% of the total loans outstanding at 30 September 2021 (2020: 0.61%).

20b. Savings

The total amount of savings held by related parties at the year end was €484,711 (2020: €441,091).

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

20. Additional financial instruments disclosures

20a. Financial risk management

The credit union 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 the credit union's activities are credit risk, market risk, liquidity risk and interest rate risk. The board of directors reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves the credit union's loans policy. Credit risk mitigation may include the requirement to obtain collateral as set out in the credit union's loans policy. Where collateral or guarantees are required, they are usually taken as a secondary source of repayment in the event of the borrower's default. The credit union maintains policies which detail the acceptability of specific classes of collateral. The principal collateral types for loans are: an attachment over members' pledged shares and personal guarantees. The nature and level of collateral required depends on a number of factors such as the term of the loan and the amount of exposure. All loan applications are assessed with reference to the loans policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Market risk: Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates. The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

Liquidity risk: Liquidity risk is the risk that the credit union will not have sufficient cash resources to meet day to day running costs and repay members' savings when demanded. The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due.

Interest rate risk: The credit union's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. The credit union 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.

20b. Liquidity risk disclosures

The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The credit union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in regulatory requirements.

20c. Interest rate risk disclosures

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

	2021		2020	
	€	Average Interest Rate %	€	Average Interest Rate %
Gross loans	<u>35,923,363</u>	8.76%	<u>35,630,832</u>	8.35%

Any dividend payable is at the discretion of the directors and is therefore not a financial liability of the credit union until declared and approved at the AGM.

Notes to the financial statements (continued)

For the financial year ended 30 September 2021

21. Dividends and loan interest rebate

The following distributions were made during the year:

	2021		2020	
	%	€	%	€
Dividend on shares	0.00%	–	0.025%	39,612
Loan interest rebate	0.00%	–	2.50%	71,508

The directors are not proposing a dividend or loan interest rebate in respect of the financial year ended 30 September 2021 (2020: The directors did not propose a dividend or loan interest rebate).

22. Events after the end of the financial year

There have been no significant events affecting the credit union since the year end.

23. Insurance against fraud

The credit union has Insurance against fraud in the amount of €5,200,000 (2020: €5,200,000) in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

24. Capital commitments

There were no capital commitments at 30 September 2021.

25. Contingent liabilities

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. Following this, the credit union undertook a review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. The credit union has concluded its review and is satisfied that no over-collection of interest has occurred.

26. Comparative information

Comparative information has been reclassified where necessary to conform to current year presentation.

27. Approval of financial statements

The board of directors approved these financial statements for issue on 26/11/2021.

Schedules to the income and expenditure account

For the financial year ended 30 September 2021

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditor's report on pages 8 – 10.

Schedule 1 – Other Interest Income And Similar Income

	2021 €	2020 €
Investment income and gains received/receivable within 1 year	1,242,645	1,325,437
Investment income receivable outside of 1 year	5,292	313
Total per income and expenditure account	1,247,937	1,325,750

Schedule 2 – Other Income

	2021 €	2020 €
Rent receivable	60,000	60,000
Commissions and associated income	14,845	17,620
Business lodgements charges	17,820	19,204
Administration charges	8,940	8,194
ECCU rebate	166,424	–
Total per income and expenditure account	268,029	105,018

Schedule 3 – Employment costs

	2021 €	2020 €
Employment costs	1,948,555	1,809,773
TWSS received	(160,766)	–
Total per income and expenditure account	1,787,789	1,809,773

Schedules to the income and expenditure account (continued)

For the financial year ended 30 September 2021

Schedule 3 – Other Management Expenses

	2021 €	2020 €
Rent and rates	40,128	38,660
Light, heating and cleaning	39,658	45,608
Print, stationary and office supplies	62,646	84,541
Postage and telephone	31,952	86,208
Promotion and development	50,747	119,294
AGM expenses	32,910	37,897
Share and loan insurance	566,239	554,246
Professional fees	139,987	154,454
General insurance	63,096	56,401
Repairs and computer maintenance	362,682	493,498
Travel expenses	7,800	20,799
ILCU affiliations and SPS contribution	46,264	26,479
Audit fee	33,825	33,275
Legal fees	86,996	31,917
Miscellaneous expenses	1,263	1,316
Bank charges	90,983	64,803
Regulatory levies and charges	460,698	321,732
Total per income and expenditure account	2,117,874	2,171,128

Standing Orders for Credit Unions for Virtual - Annual General Meeting (ROI)

1. Voting

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

Since this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means. Each member will be given the opportunity to exercise their vote electronically during the meeting.

2. Election Procedure – Electronic Voting

- Following the announcement of nominations attendees will be given the opportunity to vote electronically "Yes" or "No" for each candidate. Those in attendance will be given one (1) minute to record their vote. The mechanics of the electronic virtual voting process will be explained in more detail at the AGM by the Chair. Elections shall be in the following order:

- nominations for auditor
- nominations for members of the board oversight committee
- nominations for directors.

The votes will be tallied electronically and verified by our Internal Auditor. When all elections have been completed and results become available the chair will announce the results.

3 – 4 Motions

- Due to the specific difficulties we are facing in holding an Annual General Meeting this year due to Covid-19, the purpose of this year's AGM is to deal with the essential business of the credit union.

This includes reporting to members on the financial status of the credit union, declare a dividend/interest rebate, and elect officers. Any other non-urgent matters will be dealt with at next year's AGM.

As such, there will be no motions from the floor due to the difficulties in managing same remotely.

Members will be invited to submit questions to the board via "Chat" button on the toolbar in the Zoom Webinar and the board will address these during the AGM.

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

5 – 10 Miscellaneous

- The Chairperson of the credit union shall be the Chairperson of any general meeting, except where he/she is not available, in which case it shall be the Vice-Chair, except where he/she is not available, in which case the Board shall decide amongst themselves who shall act as Chair of any general meeting.

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

- Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the Chairperson. At a virtual AGM in the current circumstances, this may not be practical, however, the option may be invoked if required.

- The Chairperson shall have a second or casting vote in addition to his/her own vote on matters other than voting at elections where there is an equality of votes (Standard Rule 99(1)).

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

10. Adjournments

Adjournments of the AGM shall take place only in accordance with sections 81(1) and 80A of the Credit Union Act, 1997 (as amended).

11-16 Virtual Meeting Items

- Members shall keep their microphones muted and video cameras off for the duration of the meeting, except for when requested to make contributions for the meeting.

- A member shall only address the meeting when called upon by the Chair to do so, when invited to contribute.

- All members are asked to utilise the Q&A button on the bottom of the toolbar in Zoom to ask questions.

- All members are reminded to conduct themselves in a professional manner. Please refrain from sharing any explicit, violent or inappropriate content.

- Provision shall be made for the protection of the Chair from vilification (personal abuse)

- All members are asked to keep their mobile phone silent. The vibrate setting can also cause disruptions. If you must take urgent calls, please ensure that your microphone is muted.

Notes

Notes

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|-----------------|----------------|
| ○ Buttevant | Tel. 022 23427 |
| ○ Charleville | Tel. 063 50171 |
| ○ Dromcollogher | Tel. 063 83328 |
| ○ Mallow | Tel. 022 21121 |
| ○ Millstreet | Tel. 029 70764 |

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Mallow Credit Union Limited is regulated by the Central Bank of Ireland.