



Clonmel Credit Union will hold our Virtual AGM on 28th March, 2023 at 7.00pm. We will be using Zoom Webinar as the electronic platform for the meeting.

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

eAGM INVITATION

Dear Member,

I am writing to advise that our Annual General Meeting will take place on Tuesday, March 28th.

A comprehensive AGM 2022 pack with the AGM booklet that includes financial, auditor & Committee reports and account statements, has been posted to each member and the agenda for the AGM is on page 5.

Member Notification

Clonmel Credit Union will hold our Virtual AGM on 28th March, 2023 at 7.00pm. We will be using Zoom Webinar as the electronic platform for the meeting.

Members wishing to attend the Virtual AGM need to pre-register by sending an email to the following address **agm2022@clonmelcu.com** Please register by 12 noon on Saturday March 25th, and ensure you include the following information in your email so that we verify your account.

- Name
- Date of Birth
- Member Number (this can be found on your Statement of Account) and
- Member address

Important Note: Do not use the same email to register multiple members. Each invite is linked to a single, specific email ID, hence every member should register with a separate email.

For security reasons and to ensure we protect your personal data, it is essential that the email address you register with MATCHES the email address that we have on file for you if you have provided such previously.

Once registered and authenticated, you will receive a confirmation email containing your unique access link to the virtual AGM with instructions on how to join the meeting along with other information. Members can expect to receive a confirmation email within 24 hours of registering but no later than 48 hours before the AGM.

Please note that the access link is unique to each member and acts as your personal identifier for the AGM – it should not be shared with anyone else.

We look forward to joining with you for our AGM.

Best Regards,

Fil Guida,
Secretary, Clonmel Credit Union



Board Of Directors 2022



Board Of Directors 2022

Back Row L-R: E. O Mara, F. Guida, J. Courtney (Vice President)

Seated L -R K. Halpin, T. Stafford President, A. Brett,

Missing from picture: Frank Bermingham

OFFICERS 2021/2022

PRESIDENT

VICE-PRESIDENT

HON.SECRETARY

TERRY STAFFORD

JOHN COURTNEY

FIL GUIDA

DIRECTORS

DES O CALLAGHAN

KATHLEEN HALPIN

ANNETTE BRETT

EAMONN O MARA

CHRISTY CARROLL

WILLIAM BUTLER

BERNIE LENNON

FRANK BERMINGHAM

OVERSIGHT COMMITTEE

T. COLEMAN, S. ALTON

B. MOFFETT, P. DAVEY, S. RYAN

VOLUNTEER COMMITTEE MEMBERS

C HALPIN, T BROSAN

P KENRICK, L HENRYS

P LONERGAN, M NOLAN,

AUDIT COMMITTEE

E O DONNELL, S FAHEY

T. STAFFORD, J. COURTNEY,

W. BUTLER, D O CALLAGHAN

CREDIT COMMITTEE

B LENNON, P KENRICK,

M NOLAN, D O CALLAGHAN,

P LONERGAN, F BERMINGHAM,

S. FAHEY

CREDIT OFFICERS

G HYLAND, R O GORMAN, P HALLY,

K DUNNE

RISK COMMITTEE

C CARROLL, T STAFFORD,

K HALPIN

INVESTMENT COMMITTEE

K HALPIN, T HOGAN,

P ENRIGHT, W BUTLER, C CARROLL

CREDIT CONTROL COMMITTEE

C HALPIN, C CARROLL,

E O DONNELL,

MEMBERSHIP COMMITTEE

P KENRICK, A QUIRKE,

M NOLAN, L HENRYS

NOMINATIONS COMMITTEE

F BERMINGHAM, F GUIDA,

A BRETT, B LENNON

PROMOTIONS COMMITTEE

T BROSAN, C SCULLY,

B LENNON, K HALPIN

REMUNERATION COMMITTEE

F GUIDA, T STAFFORD

J COURTNEY

HEALTH & SAFETY COMMITTEE

M O MAHONY, J HEALY

B LENNON, M MCHUGH,

P ENRIGHT

STRATEGY & SPECIAL PROJECTS COMMITTEE

C CARROLL, T STAFFORD,

W BUTLER, P. ENRIGHT,

T HOGAN, M MCHUGH,

J HEALY, D O CALLAGHAN

I.T COMMITTEE

P ENRIGHT, T HOGAN, J HEALY

M MCHUGH, C HORGAN

CHAPTER DELEGATES

K HALPIN, C CARROLL

CHAPTER ALTERNATIVES

C HALPIN, J COURTNEY

COMPLAINTS OFFICER NO 1

J HEALY

COMPLAINTS OFFICER NO 2

P ENRIGHT

COMPLAINTS OFFICER NO 3

C HORGAN

COMPLAINTS COMMITTEE

AUDIT COMMITTEE

AGENDA

1. Invocation
2. Presidents Address of Welcome
3. Ascertain that a quorum is present
4. Adoption of Standing Orders
5. Approval of the minutes of last Annual General Meeting
6. Report of the Board of Directors
7. Report of the Auditor
8.
 - (a) "The Board of Directors recommend that a dividend of 0.01% be declared and sanctioned by members at the Annual General Meeting on Tuesday March 28th, on all shares".
 - (b) "The Board of Directors recommend that an interest rebate of 20 % be paid to members, calculated on Gross Interest paid in the Financial Year ended 30th September 2022".
9. Committee Reports
 - (i) Report of the Credit committee
 - (ii) Report of the Credit Control Committee
 - (iii) Report of the Membership committee
 - (iv) Report of the Nominating Committee
 - (v) Report of the Oversight Committee
10. Appointment of Tellers
11. Election Process
 - (i) Election of Auditors
 - (ii) Election to fill vacancies on the Board Oversight Committee
 - (iii) Election to fill vacancies on the Board of Director's
12. Announcement of election results
13. Any other Business
14. Adjournment of meeting

The members assembled at the Annual General Meeting may suspend the order of business upon a two-thirds (2/3) vote of members present at the meeting.

CONFIDENTIALITY OF MEMBERS AFFAIRS

The Directors, committee members, voluntary helpers and employees in a credit union shall hold in strictest confidence all transactions of the credit union with its members and all information respecting their personal affairs.

The importance of this rule is paramount. Every Director, committee member, voluntary helper and employee before entering upon the duties of their office, and annually thereafter execute a written undertaking to observe this rule

STANDING ORDERS FOR CREDIT UNIONS FOR VIRTUAL - ANNUAL GENERAL MEETING (ROI)

1. Voting

1. 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

2. 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:
 - a) nominations for auditor
 - b) nominations for members of the board oversight committee
 - c) 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

3. Due to continuing challenges 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 "Q&A" button on the toolbar in the Zoom Webinar and the board will address these during the AGM.

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

5 – 9 Miscellaneous

5. 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.
6. The Chairperson may at his/her discretion, extend the privilege of the floor to any person who is not a member.
7. 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.
8. 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)).
9. 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

11. 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.
12. A member shall only address the meeting when called upon by the Chair to do so, when invited to contribute.
13. All members are asked to utilise the Q&A button on the bottom of the toolbar in Zoom to ask questions.
14. All members are reminded to conduct themselves in a professional manner. Please refrain from sharing any explicit, violent or inappropriate content.
15. Provision shall be made for the protection of the Chair from vilification (personal abuse).
16. 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.

Election of Officers 2022

Annual General Meeting 2022

Directors eligible for election are:

**Kathleen Halpin
Eamon O Mara
Annette Brett
Fil Guida**

BOC eligible for election are:

**Tommy Coleman
Bill Moffett**

**Auditors For Election:
O'Gorman Brannigan Purtill & Co.**

Annual Report of Nominating Committee 2022

The Credit Union and Cooperation with Overseas Regulators Act 2012 has made many changes in law to the way the Nominating Committee must operate. The committee is now charged with doing Due Diligence on all members offering their services to the Credit Union.

Members offering their services for election to the Board of Directors and Board Oversight Committee must be proposed and seconded by two members. All applicants must complete an Individual Questionnaire to show that they comply with the Fitness & Probity requirements set out by the Central Bank.

Directors who wish to serve as Chair of the Board must be pre-approved by the Central Bank before the Nominating Committee can nominate him or her for that position.

This year we have 4 Directors that are eligible for election and have offered their services. We must elect 4 members for 3 years each.

This year we have 2 board oversight members going forward with one requiring a 2 year term and one requiring a 3 year term.

O'Gorman Brannigan Purtill & Co. are Proposed Auditors for the year 2023
Instructions of how to vote will be provided on the night.

**Bernie Lennon
Chair**

**Annette Brett
Director**

**Fil Guida
Director**

**Frank Bermingham
Director**

**Proposed Saving Dividend
0.01%**

**Proposed Interest Rebate
20%**

Directors Report 2022

Introduction

On behalf of the Board of Directors of Clonmel Credit Union Limited, I am pleased to present the annual report on the activities undertaken by the Credit Union during the year ended September 30th, 2022.

Overview of the past year

While limited to the first 6 months of the financial year, Covid pandemic related challenges and restrictions had a significant impact on the overall outcome. Having dealt with the challenges posed in the period since March 2020, we continued to adapt ensuring that our members enjoyed a full and comprehensive range of services despite some restrictions.

I extend a very warm welcome to the 1,028 new members that have joined the Credit Union during the year. This is a 25% increase on previous years and reflects the traction that we are getting with our new member offerings such as our current account. Our overall membership is now in excess of 30,000, served by our three offices across South Tipperary: Clonmel, Fethard and Mullinahone.

The Board of Directors, as always, is focused upon ensuring prudent management and protection of member's funds. This is the primary function of the board in any financial services company. We are pleased to note that the Credit Union's financial reserves were further strengthened in 2022. Our overall financial position is very strong as a result of the prudent approach we continue to take in the management of the Credit Union finances. Direction from our Regulator, the Central Bank of Ireland, has been very clear since March 2020. All institutions are required to take a very conservative approach to managing financial reserves given the uncertain economic environment that has emerged post the pandemic.

We are very mindful of the potential economic challenges that may emerge and the potential impact such factors might have on our Credit Union. This is a core part of the board's agenda, reviewed on a monthly basis through our Risk Committee who make recommendations to the board. In addition, our internal and external auditors provide critical insight, analysis and advice to us in this regard. While the Irish economy is remarkably resilient at present, with strong employment rates a feature, there are many uncertainties emerging internationally on the political and economic fronts. In the final quarter of the year, the interest rate environment began to normalize and this should prove very beneficial to our financials as we seek to maximise the return we get on our investment book. Unlike most Credit Unions, we did not impose a savings cap on members.

The Board ensures that key policies of the Credit Union are reviewed annually, enabling us to respond to changes that impact our business. Systems, structures, processes and procedures are reviewed and tested constantly to ensure we are operating to highest regulatory, legal and statutory standards. Our Internal Auditors completed quarterly audits and reviews were completed by our Statutory Auditors, all ensuring that we meet the requisite standards. We undertake a regular cycle of internal review and inspection across all facets of our business operations, enabling us to identify and address emerging issues in a structured manner.

Delay in the AGM

We would like to apologise for the delay in holding our AGM for 2022. Our 2022 audit process unavoidably took longer to complete than previous years, in a manner that we reasonably could not have foreseen. As part of the audit process, we carefully considered the valuation of certain investments, referred to in the financial statements as "other investments". We received valuations from a professional and independent credit union investment expert which materially differed from the valuation estimates of the statutory auditor, PWC, to the credit union. After careful consideration, detailed analysis, engagement with peer credit unions and extensive consultation with professional advisors, the Board of Directors reached the opinion that the value of the independent credit union investment expert was in line with the relevant accounting standard (referred to as "FRS102"), and, best reflected the economic reality of the structure and operation of investments in the credit union. As the opinion of the statutory auditor in this booklet reflects, the auditor disagreed with our position on the treatment of these investments. We fully respect the prerogative of the statutory auditor to express their opinion on our financial statements. More laterally, we, the Board, have an overarching duty to protect our members' funds, and promote the stability and general well-being of the credit union. We would consider that the valuation of the auditor did not reflect the economic reality of the structure and operation of investments in the credit union and more generally in the credit union system in Ireland.

We, as a board, at all times will follow due process. Regrettably, the engagement process on investment valuation took time to conclude, and hence, our AGM was delayed. Once again, on behalf of the board, I apologise, but I trust you will appreciate that it is important that this matter was resolved appropriately.

Directors Report 2022 (continued)

Strategic Plan 2018- 2023

Our overarching goal is to provide a comprehensive range of financial services to meet the needs of our members and the communities we serve. We review and refresh the plan annually in the context of what is happening in the broader financial services and consumer environment and also in response to specific feedback we get from independently commissioned member surveys. A new strategic plan is under development for introduction in early 2023.

The introduction of a full service current account has proven to be an excellent development for the future sustainability of our Credit Union and is crucial for development of our membership base. The response from existing and new members has been very positive and we now have in excess of 1,100 current accounts live. These are very significant developments and will set us on course for the next phase of our development as a progressive Credit Union.

The SME lending proposition is also attracting new members and business referrals. We are currently awaiting approval from the Strategic Banking Corporation of Ireland, a government agency, for inclusion in the Retrofit Loan Guarantee Scheme, an initiative designed to support consumers to undertake energy efficient upgrades to their homes.

The mortgage offering has been successful to date and we have a very robust pipeline currently. The average mortgage amount to date is circa €140,000.

Investing for Sustainability

Clonmel Credit Union is committed to providing a first-class member experience, being relevant and sustainable as a provider of financial services for our members. We have invested in up to date, modern branch facilities that enable us to better service our members and attract new membership from our extended Common Bond. In addition, our refurbished premises conforms to modern energy efficient standards and we have already seen substantially reduced running costs at a time of surging energy cost inflation.

In addition, we have invested in providing members with a very user-friendly digital service offering. Members can now open an account fully online from the comfort of their own homes. They can also apply for and have loans issued through their mobile phones, without ever coming into a branch. These developments are critical to our sustainability as we need to attract new members from emerging generations if our credit union is to thrive. Our overall investment is to the order of €2.5m and we now provide a range of facilities that positions us a true financial partner for life.

We have a great opportunity at a time when banks are withdrawing and curtailing their services locally, we are investing in the future of our Credit Union and our communities

2022 Financial Performance

The impact of the Covid pandemic was very apparent with a reduction in the loan book and resultant income. The book decreased from €67.53m in 2020– €65.887 in 2021, a reduction of €1.649m with a drop in income of more than €220,000. This was in line with national trends where consumers paid down debt and increased savings. A decision was taken to launch a loan sale at a special rate of 4.99% to our members across June, July and August. It was very successful and succeeded in attracting members back to us who had not borrowed in the previous 5 years. The loan book grew from a low of €64.6m in April 2022 to €67m in September 2022 as a result of the campaign.

The drop in our investment income seen in previous years continued, directly as a result of the interest rate climate and the introduction of negative rates. Income from this source is at €1.25m. Bad debts recovered amounted to €872k.

The ILCU Pension Fund closed to new contributions in 2022; a deficit of €93.7 million was apportioned to all member credit unions. Clonmel Credit Union's share of the total deficit contribution amounted to €2,023,920. This was a contractual obligation and we paid the full deficit amount due. We put forward a motion at the ILCU AGM 2022 and vigorously campaigned to utilise the Stabilisation Protection Scheme (SPS) to support affiliated credit unions with these pension deficit liabilities. Our refund amounted to €1,037,621 and we received 90% of the refund (€933,859). The outstanding payment owed to the Credit Union from the fund is €103,762.

The Bad Debt provision charge was increased by €146k, and given the year in question, this was not significant and testament to our ongoing policy of prudent provisioning.

Overall, the Credit Union is in a very strong and sound financial position. This is as a result of prudent and conservative management of the business over the years. We hold €39.8m in our Regulatory Reserves, with a ratio of 15.35%; very well in excess of the required 10% set out by the

Directors Report 2022 (continued)

2022 Financial Performance (continued)

regulator. We also hold €188 million in investments so our members can be confident that their credit union is very well structured and positioned for the future.

The surplus generated in 2022 was €2.401 million.

- Member's savings grew to €205,442,184; an increase of €11.3m
- Assets grew to €259,520,383; an increase of €12.7m
- Outstanding gross loans were €67,041,465; an increase of €1.155m
- Statutory Reserves were at €39.8m or 15.35%. The Central Bank Requirement is 10%
- Members resources now stand at €53,054,428; an increase of €1.689m

Governance Structures

There was no change in the membership of the Board of Directors during the year. Terry Stafford was elected Chairperson after AGM 2021 and John Courtney was appointed Vice Chairperson.

The Board Oversight Committee, which performs a key function in the governance structure of the Credit Union, continued to provide vital support and oversight in the year.

On behalf of the board, we would like to sincerely acknowledge and thank all our volunteers for their ongoing contribution. They are critical to the professional functioning of our organization and their contribution is enormous. These people give of their time freely and generously in the service of our Credit Union and its members.

Thank you to O 'Gorman, Brannigan, Purtill Accountants, our internal auditors and to PWC, Statutory Auditors, for their assistance, support and advice during the year.

Cygnus Investment Advisors provided independent advice and guidance to the Board of Directors in the management of our Investment portfolio. The Credit Union prudently follows what is termed a Low Risk Investment strategy in this regard

Finally

We extend our sincere sympathies to the families and friends of our members who died during the year. They were all prayed for, along with all members past and present at our special annual mass on the 22nd of October in St Peter and Paul's.

We would like to extend a special "thank you" for a job well done in 2022 to our management and staff teams. They perform their tasks admirably, with diligence and competence and are a credit to us.

Best Regards,

Fil Guida,
Secretary, Clonmel Credit Union

Member Benefit Statement

The Benefit	Description	The value to the members
Current Account and Debit Card	We now offer current accounts with debit cards you can use anywhere, compatible with Google Pay & Apple Pay, direct debit facilities, full online banking and more.	All the features you'd expect from your bank, but with the personal touch of your local Credit Union
Loans By DocuSign	You can now sign loan forms and get your funds transferred to your account electronically, completely online	Full loan application and draw down process online. No need to call in branch
E-Statements	An e-statement is an electronic version of your statement. It is available as a portable document format file (PDF) via your online banking profile	Saves on paper, good for the environment and available from anywhere.
Online and Web Service	This is a free service to our members where they can transfer and check their funds online	Simple way to transact from the comfort of your own home
Foreign Exchange	Clonmel Credit Union provides a wide range of Foreign Exchange currencies for our members without commission.	By securing your foreign currency before your trip you do not have to incur banking fees for transacting abroad
Death Benefit Insurance	This is a payment to help cover part or all costs of a member's funeral and is provided free of charge. The Credit Union incurs the fee itself.	€2,600 (Note: Member must have €10 or more in their account to be insured & joined before 70)
Loan Protection Insurance	Loans and savings insurance cover. This insurance repays any outstanding loan that the member may have. On joint accounts the cover applies to both members.	The benefit falls to the members family as they would see any outstanding loan cleared in the consequence of their passing
Life Savings Insurance	This insurance increases the value of the shares maintained on the members account in the event of Death. The maximum payable is €10,200 and the cover is free to members with the Credit Union incurring the fee.	This is an extra free reward for long term savers with the Credit Union. Ts & Cs do apply.
Home insurance discounts	Protecting your most important asset at an affordable cost.	Our Home Insurance, which is underwritten by Allianz plc., is designed to give you first rate cover at brilliant value.
Freephone Loans Line	Dial a loan 1800 945987 at no cost to the member	An easy loan application service at no cost to the member
Mobile App	Available on android and IOS the Clonmel Credit Union App allows access to view accounts and transact while on the move.	Saves time and can be used 24 / 7
Member Onboarding	This service allows members and potential members to open accounts online through our mobile App	Join Clonmel CU from the comfort of your own home
Nomination	You can nominate someone to receive the property of your credit union accounts, up to €23,000, upon your death.	Peace of mind knowing that your funds are distributed according to your wishes.
Online Payments	You can use your debit card to pay a loan or lodge to savings on our website	Convenience of lodging and making repayments without needing to call in branch

Membership Committee 2022 Report

In Clonmel Credit Union, we are pleased to report that our membership continues to grow. **1028** new members were approved during the past year and an additional **406** reactivated their membership bringing our total membership to **30,750**.

New members within our common bond are always welcome. To join, bring along one each from the following

- Photo ID i.e. passport, driver's licence, national ID card etc
- Proof of Address i.e. utility bill, bank statement, social welfare etc. (To be dated within last 6 months).
- PPS number on official documentation i.e. payslip, revenue, social welfare. Please note Public Services Card is not acceptable in this instance.

Our new member onboarding facility went live on late 2021. This progressive addition allows new and current members to open accounts from the comfort of their own homes and has been a huge success to date. 243 of our new membership accounts have been approved through this facility this year.

The committee would like to thank all our staff for their help and co-operation throughout the year. We wish to offer our deepest sympathy to the families and friends of our members who have passed away during the year.

A. QUIRKE, P. KENRICK, M. NOLAN, L. HENRYS

2022 in Pictures

Supporting community



Clonmel Credit Union proud sponsors of Clonmel RFC



Clonmel Credit Union proudly sponsoring the Clonmel Junction Festival



Credit Union Matchplay presentation made by Director Eamon O Mara



Clonmel Credit Union proud sponsors of Clonmel RFC



Clonmel Credit Union sponsoring Banna Chluain Meala 50th Birthday celebrations

**Your Credit Union Is here
to Help**

**Finding it difficult to meet your Loan
repayment**

**Phone us:
052 6125292**

Credit Committee 2022 report

Having had a challenging year to September 2021, the enduring impact of the pandemic was again reflected in the number of applications we processed for our members during 2022. Periods of lockdowns had the expected impact with a slowdown in applications and in the volume of loans lent to members. This had an impact on the overall loan book. In addition, members paid down their loans at a faster pace than scheduled and further reduced the loan book.

During the financial Year to 30th September 2022, the Credit Committee and Lending Team assessed 8,240 loan applications, an increase of 17% on the previous year. Loan issues were 7,003 with a value of €25,537,379, an increase of 12.94% on the previous year.

In the period from February 2020 to end of May 2022, the book reduced month on month from the impact of the pandemic. The loan book volume in that period reduced from just under €70 million to €64.487 million in May 2022.

The Board and CEO undertook a review of the lending proposition in May 2022 seeking to address the reduction in the book and agree on a set of objectives to generate loan growth. This included a review of what peer credit unions in similar circumstances were doing as well as identifying opportunities to grow locally in specific sectors such as mortgages. As a result of the review, a Loan Sale was launched in May 2022 with a ringfenced fund at a special rate of 4.99% for a 3-month period. The initiative was very successful, lending in excess of €4.5 million to 551 members with an average loan of €7.2k which was well above the norm. We reengaged and lent to 212 members who had not borrowed for at least 5 years and we also recruited 54 new borrowing members. The success of the campaign saw the loan book grow to €67 million in the 3 months to end of September 2022.

We launched and completed our first mortgage for a member in December 2021 and the level of member enquiries has been very encouraging. We lent €810,000 in mortgages during the year with an average mortgage volume of circa €140,000. As we compile this report, we have a live mortgage pipeline of €1.1 million that we expect to issue to members. We lent circa €750,000 to the SME sector in the year and we see great potential to expand this segment of our business.

We are constantly looking for new segments where we believe we can grow the lending book. At time of writing, we are awaiting approval from the SBCI under the auspices of the Minister for Enterprise and Employment, to be approved as a lender for the SBCI Retrofit Loan Guarantee Scheme. This scheme is designed to fund households who wish to undertake renovations leading to a better energy rating for their homes. It will provide the lender with an 80% guarantee on loans we lend under the scheme, at a specially reduced rate. We are presently undergoing a detailed due diligence and awaiting approval from SBCI. The maximum loan would be €50,000 nett of grant aid issued by Sustainable Energy Authority of Ireland.

Our lending team assesses circa 32 cases per day and we have an approval rate of circa 97% of those. The average loan issue this year was up on previous years at €3,654. In terms of loans issued, Home Improvements represents 26% of our book while Car Loans represent 21%.

The Credit Union's Credit Policy is reviewed annually and updated in conjunction with our internal auditors, to ensure that our lending practices are prudent and serving us well. We have specific credit policies for SME, Mortgage and Overdraft lending which are specific to these segments. We have implemented processes and procedures to enable us to prudently manage these more complex and detailed areas of credit. In addition, we have strong capability on our team of experienced lenders, some of whom have a background in SME, Mortgage and Agri lending. We also invest in the up-to-date technology to support the underwriting and management of these loans.

In line with other lenders, all standard loan applications undergo a credit check through the Central Credit Register, a national database for all credit held greater than €2000. This is an invaluable tool to assist us as lenders as it holds detailed records of a consumer's previous credit history with any institution they may have borrowed from previously.

Delivering an excellent Member Experience is at the core of what we do. We recently won the Tipperary Chamber of Commerce award for Outstanding Customer Experience 2022. We provide an excellent Loans Line service on free phone **1800 94 59 87** where current or prospective members

Speak directly with a lending officer. This service is very effective, is popular with members and we currently process circa 60% of applications through this channel. We have seen a very significant uplift in Online applications over the past 2 years and currently circa 25% of all applications come through this channel. These loans can be fulfilled by using our DocuSign service where a member can sign their loan agreement digitally and have the funds issued to an IBAN enabled account. Essentially, members can avail of a completely remote service without having to visit the branch. This level of convenience is as good as any other loan provider and sets us apart from most in the marketplace.

We launched our Clonmel Credit Union current account with full debit card, Apple & Google Pay in December 2021. It is a gamechanger for members as they can avail of an overdraft facility in addition to the other services available with the product.

The credit union business model is largely dependent on gathering deposits that are in turn lent on to members. Growing the loan book is critical in that context. We believe we are very well positioned to serve the evolving needs of our diverse membership and an even broader community. Lending money to members for the betterment of individuals, families, businesses and other organisations, enriches and supports our community and this is what a credit union is all about. Developing new loan products and diversifying our offer to members and prospective members is key to the sustainable long-term development of our credit union.

B. Lennon F. Bermingham D O' Callaghan M. Nolan P. Kenrick S. Fahy P. Lonergan

Credit Control Committee 2022 Report

The Credit Control function within Clonmel Credit Union closely monitors all accounts in arrears and in particular those that are greater than 9 weeks behind schedule. The Credit Unions Pearls Ratio for measuring such loans currently stands at 4.25%. The impact of the Covid-19 pandemic and the increase cost of living has had an obvious effect on a number of our members and their ability to repay their loans over the past 2.5 years. We have been on hand from the outset to put contingency plans in place to help our borrowers through these difficult and unprecedented times. By using a temporary payment arrangement process we were able to accommodate all such requests for assistance while having as little negative impact on their credit as possible.

The rules of the Credit Union require us to make provision for loans on an increasing scale depending on the extent of the arrears. Changes in the accounting policy have altered the level of provisioning that can be maintained to what is specifically needed only. The amount required in our loan provision now amounts to €3,552,529.

All loans issued to members are funds from other members' savings. There is a clear expectation that loans will be repaid. All written off loans are pursued vigorously by the Credit Union, either by our own means or through the court and collection services. In the year ended 30/9/2022 we recouped €872,314 from our Recovery list.

During the year 42 accounts were transferred from our live loan book to recoveries book at a value/cost of €386,047.

Clonmel Credit Union actively encourages all members to make contact at an early stage if they are encountering financial difficulties impacting on their ability to meet the loan repayments. We also recommend the use reputable advice agencies such as the Money Advice and Budgeting Service (M.A.B.S).

C. Carroll

C. Halpin

E. O'Donnell

Oversight Committee 2022 Report

The Credit Union & Co-operation with overseas regulators Act 2012 requires the appointment of an Oversight Committee which will oversee the Directors in the performance of their functions. The committee will consist of 3 or 5 members elected by the membership.

The Oversight committee is elected by and responsible to the members of Clonmel Credit Union. As like many organisations, Credit Unions have a separation between those who own the organisation i.e. the members and those who run it, thus an overview element that represents the best interests of the members and the Credit Union are needed.

Under the Credit Union Acts 2012 & 1997 the main functions and duties carried out by the Oversight committee during the year are outlined as follows.

Under section 76 O of the Act

- 1) Meet with the Board at least 4 times in every year to facilitate it carrying out its assessment of the board Performance. Attending meetings of the various committees
- 2) Attend all Board meetings on a monthly basis
- 3) The committee will itself meet on a monthly basis
- 4) To submit a report as to its assessment as to the board of Directors being in compliance with Part 1V of the Act.

In review of its findings the Oversight committee is happy to report that the Board of Clonmel Credit Union has materially adhered to the laws, policies and procedures of the Irish League of Credit Unions (ILCU) and The Central Bank being the Regulatory Authority.

The role of the committee did change following the 2012 Credit Union Act with its primary function being Board oversight. The name of the committee will reflect this change. The previous function of verification and auditing aspect of the current role will be taken up by the newly introduced Internal Audit function.

We would like to express our thanks to the board of directors, management, staff and members for their support and co-operation throughout the year.

T. Coleman B. Moffett S. Alton P. Davey S. Ryan

Insurance officers 2022 Report

Life Savings and Loan Protection Insurance

During the financial year a total of €787,866.27 was paid to ECCU Assurance Company in premiums under our Life Savings and Loan Protection Insurance. Savings claims were paid to member's next of kin totalling €372,790.69 while 33 loans claims totalling €282,613.34 were paid to clear deceased member's outstanding loans at the date of death.

There were no disability claims paid during the year.

Death Benefit Insurance

The sum of €439,273.82 was paid in premiums under our DBI Insurance scheme. 194 claims were paid towards funeral expenses totalling €499,200

Home Union Insurance

In conjunction with Allianz, we offer competitively priced premiums and contents insurance under our Home Union options policy.

Motor Insurance

Our discount for Clonmel Credit Union members with AXA Insurance continues.

Promotions Committee 2022 Report

The Promotions Committee met on a regular basis during the year, our main focus being to promote Clonmel Credit Union, increasing membership and continuing to bring many services to our members.

As in previous years, our member's monthly draw proved to be one of our more popular promotions. The draw usually takes place every month as well as on International Credit Union Day in October. There were also extra draws for Christmas and Easter. This is our 23rd year running the draw. In the last financial year, our lucky 70 winning members received the total sum of €295,000.

We continue to participate in the Tipperary Credit Union Alliance Group, which coordinates local promotions and advertising in newspaper and radio. The annual credit union calendar, which is very popular throughout the county and further afield, is also produced by the Credit Union alliance.

To ensure that we remain relevant, Clonmel Credit Union continues to promote and improve our digital capabilities. These facilities include online banking, online card payments, online loan applications, social media pages and more. We continue to use DocuSign, a feature of our online banking that allows members to apply for a loan, upload documents and draw down the funds from the comfort of their own home. We introduced current accounts this year, which offers debit cards you can use anywhere, compatible with Google Pay and Apple Pay, direct debit facilities, full online banking and more. It's all the features you would expect from your bank, but with the personal touch of your local Credit Union. We now have over 1000 members signed up and we have recently launched a youth current account for members aged 12 – 16.

In an innovative move to stimulate the economy we launched our Big Loan Sale with our first ever marketing campaign – billboard, online, video, print while also advertising it on our new digital screens in branch. The loan sale proved to be a huge success with our members.

The Credit Union schools quiz was held online via Facebook live and YouTube. We hope everyone that participated enjoyed the virtual quiz again this year.

We have continued our official sponsorships of Tipperary Southern & District League (TSDL) and Clonmel RFC, as well as supporting and donating to many other local community groups and charitable organisations. We also proudly supported events with the Junction Festival and Banna Chluain Meala this year.

Clonmel Credit union was recently selected as winners of the Outstanding Customer Experience Award at the Tipperary Chamber of Commerce Business Awards night. We have made a significant investment in the new services and products for members with excellent feedback and we are not finished yet. We are very grateful to County Tipperary Chamber, the local business community and most importantly, our members for making us what we are.

Finally, we take this opportunity to thank our directors, committees, management and staff for assistance and guidance when called upon and the many people who helped us in our ongoing promotion of Clonmel Credit Union.

B Lennon, K Halpin, T Brosnan, C Scully

Clonmel Credit Union Members Draw 2021 – 2022

70 winners with € 295,000 paid out

12 Winners of the € 15,000 Monthly Draw from October 2021 to September 2022

J. McLean
M. Landers
J. O' Meara
H. McCarthy

M. O' Meara
A. Amos
A. O'Donnell
J. O'Regan

S. Buckley
S. Skeffington
C. Moore
J. Fogarty

Winners of the 12 days of Christmas draws worth € 1,000 each

A. Bauer & N. Pollard
F. Roche
M. O'Flaherty
P. Tobin

D. Connery
T. & J. Lambe
J. O' Connor
S. O' Mahoney

L. Burke
G. Grace
V. Molloy
E. & G. Larkin

Special Christmas Draw worth € 10,000:
N. Barry Hurley

Credit Union Day Draw worth € 5,000:
A.M. Doyle

September Extra Draw worth € 3,000:
C. Gahan / D. Purcell

Special Easter Draw worth € 5,000:
N. Ryan

Winners in the 3-2-1 Special draw

Winners of € 3k

A. Nugent
T. Nash
P. & M. Adamson
phew
L. & C. Senior
S. Norris
P. Mansfield
J. & M. Murphy
M. F. O'Connell
T. Fennessey
M. Hyland
M. Healy
E. Mangan

Winners of € 2k

A. Hurley
J. & B. Cunningham
M. Butler

W. Barrett
S. & B. Owens
N. O' Meara
C. Barrett
K. Burke
E. Phelan
P. O' Connor
C. Ahearne
P. Hackett

Winners of € 1k

B. Boland
J. & A.M. Boland
R. O'Donovan & M. Mor-

J. Casey
M. Sheehan
P. Askins
G. Hoyne
D. Murphy
M. Flaherty
M. & P. Bond
E. Maher
J. Casey

Winners of Easter Draw and Special September Draw worth € 1,000 each

R. Walsh
M. Collier

J. Collins & N. Coyne
T. Egan

M. & P. Wynne

Members Draw for the 12 Months ended 30th September 2022

	12 Months to 30/09/2022	12 Months to 30/09/2021
INCOME		
Deductions	€ 297,645	€ 299,052
Savings Dividend	€ 18	€ -
	<hr/> € 297,663	<hr/> € 299,052
EXPENDITURE		
Cost of Draws	€ 299,000	€ 303,000
Advertising	€ 449	€ -
	<hr/> € 299,449	<hr/> € 303,000
(Deficit) / Surplus	-€ 1,786	-€ 3,948
Balance Brought Forward	€ 21,843	€ 25,791
Balance Carried Forward	€ 20,057	€ 21,843



Clonmel Credit Union Limited **MEMBERS MONTHLY DRAW**

Monthly Draw - First Saturday of each month

(€ 33.00 per Annum)

**Twelve € 15K WINNERS THIS YEAR (1 Pending)
+ 58 PRIZES OF €1K TO €10K (1 PMTS PENDING
(€000))**

Health & Safety - Managing through the Pandemic and Beyond

The past couple of years have brought many challenges to Clonmel Credit Union, most notably the Covid 19 pandemic and the completion of our building refurbishment. The past year was no different as the refurbishment neared completion and the pandemic restrictions eased.

We prioritise the health and safety of our staff and members and have recently updated our Safety Statement to reflect an ever-evolving environment. We are continually in consultation with our colleagues Ryan Safety Management to ensure that we are adhering to regulations whilst providing an environment that safely accommodates staff and members alike.

Our Health and Safety committee meets at regular intervals throughout the year and our mission is to ensure that Clonmel Credit Union do all that is reasonably practical to secure the safety, health and wellness of our staff and members.

Training is organised for staff throughout the year. Fire extinguisher training, Manual handling, First Aid and Defibrillator training are provided to staff. Fire Drills are performed at regular intervals also.

The Board of Directors, Committees, Staff and Management sincerely thank you for your continued support and understanding throughout a challenging period for us all.



Stephen Ryan (Centre) of Health & Safety Consultants Ryan Safety Management with Health & Safety committee members Jim Healy and Martina O Mahony.



CLONMEL
Phone: (052)6125292

FETHARD
EXT. 1601

MULLINAHONE
EXT. 1300

Website: www.clonmelcu.com
Email: (General) admin@clonmelcu.com
Free phone loans line: 1800 945987



ARE YOU A MEMBER YET? You can now join online...

No need to call in.

1. Just download the Clonmel Credit Union app
2. Select "Join Now" on the activation screen once the app is accessed for the first time
3. Follow the account opening steps

It's that simple.

www.clonmelcu.com | Contact us on 052 61 25292



clonmelcreditunion



@clonmelcu

All loans are subject to approval. T & C's apply. Warning: If you do not meet the repayments on your loan it may affect your credit rating which may limit your ability to access credit in the future. Credit Unions in the republic of Ireland are regulated by the Central Bank of Ireland.



Refurbishment of our offices 2022

Clonmel Credit Union is committed to providing our members with the best in-branch facilities.

We completed our office refurbishment in 2022.



STATEMENT OF DIRECTORS' AND BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

For the year ended 30 September 2022

Statement of directors' responsibilities

The Credit Union Act 1997, as amended require the directors to prepare financial statements for each financial year which give a true and fair view of the State of Affairs of the Credit Union and the Income and Expenditure Account of the Credit Union for that period. In preparing those financial statements, the directors are required to:

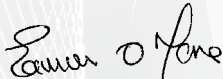
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and to 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.

On behalf of the Board of Directors



TERRY STAFFORD
Member of the Board of Directors



EAMON O MARA
Member of the Board of Directors

Date: 2/2/2023

Statement of Board Oversight Committee's Responsibilities

The Credit Union Act 1997, as amended require the appointment of a Board Oversight Committee to assess whether the Board of Directors has operated in accordance with Part IV, Part IV(a) and any regulations made for the purposes of Part IV or Part IV(a) of the Credit Union 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.



TOMMY COLEMAN
Chairperson of the Board Oversight Committee

Date: 2/2/2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLONMEL CREDIT UNION LIMITED

Report on the audit of the financial statements

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph below, Clonmel Credit Union Limited's financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2022 and of its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared so as to conform with the requirements of the Credit Union Act 1997, as amended.

We have audited the financial statements, included within the Annual Report, which comprise:

- the balance sheet as at 30 September 2022;
- the income and expenditure account for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

As described in the accounting policy 'Investments held at fair value' (note 3(i)(ii)), and consistent with the requirements of FRS 102, the Credit Union's accounting policy is to initially recognise its complex investments at fair value and at the end of each reporting period, to measure these investments at fair value and recognise the resulting changes in fair value in the income and expenditure account. Included in note 10 "Investments and Deposits" are other financial instruments at a value of €41,800k. These are complex financial instruments, which in accordance with the accounting policy above, and the requirements of FRS 102 should be measured at fair value at period end. FRS 102 requires an entity to measure the fair value at the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, and provides further guidance as to how fair value should be determined and what the best evidence of fair value may be.

As set out in Note 10 to the financial statements, the directors have estimated the fair value as the cost of these assets as they are capital guaranteed, the credit union does not have access to secondary markets for trading in these assets and they intend to hold these assets to maturity. We disagree with the directors' view that cost is the best estimate of fair value. In the absence of an active market or recent, arm's length transactions we believe that the best evidence of fair value is a valuation technique commonly used by market participants, discounting the expected cash flows for the instruments using a current market yield that incorporates the effect of the time value of money and the credit risk of the banks in which the funds are deposited. We estimate that the fair value of these assets using this valuation technique would be lower by €6,050k than the directors' estimate of fair value of these assets and accordingly the Surplus for Year, and Total Reserves would be reduced by this amount.

Independence

We remained independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the credit union's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible 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 have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the credit union's members as a body in accordance with section 120 of the Credit Union Act 1997, as amended and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Credit Union Act 1997, as amended opinions on other matters

- 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, except for the effects of the matter described in the Basis for qualified opinion paragraph above, proper accounting records have been kept by the Credit Union.
- The financial statements are in agreement with the accounting records.

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Waterford

Date: 10th March 2023

INCOME AND EXPENDITURE ACCOUNT

Year ended 30 September 2022

	Note	2022 €	2021 €
Income			
Loan interest on members' loans	5	6,695,559	6,846,414
Deposit interest and investment income	6	1,253,863	1,154,754
Other income	7	978,696	51,799
Change in fair value of investments	10	(31,280)	(11,440)
		<u>8,896,838</u>	<u>8,041,527</u>
Expenditure			
Employment costs	8	3,682,760	2,470,915
Other management expenses		1,878,025	1,617,239
Share and loan insurance		787,866	801,357
Death benefit insurance	9	239,589	63,423
Depreciation	13	247,153	146,244
Net recoveries on loans to members	11(d)	(339,917)	(548,821)
		<u>6,495,476</u>	<u>4,550,357</u>
Surplus for year		<u>2,401,362</u>	<u>3,491,170</u>

STATEMENT OF OTHER COMPREHENSIVE INCOME

The Credit Union has no gains or losses in the financial year or the preceding financial year other than those dealt with in the income and expenditure account. Accordingly, no Statement of Comprehensive Income is presented.

On behalf of the Credit Union

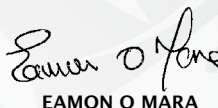
Manager:


PADRAIG ENRIGHT

Member of Board Oversight Committee:


TOMMY COLEMAN

Member of the Board of Directors:


EAMON O MARA

Date: 2/2/2023

BALANCE SHEET

30 September 2022

	Notes	2022 €	2021 €
Assets			
Cash at bank and on hand		4,823,905	3,918,699
Investments and deposits	10	188,458,411	178,814,871
Loans to members	11	61,344,415	60,336,212
Tangible fixed assets	13	3,873,594	2,774,211
Debtors and prepaid expenses	12	1,020,058	945,938
Total assets		<u>259,520,383</u>	<u>246,789,931</u>
Liabilities			
Members' shares		205,442,184	194,156,900
Accrued expenses	14	1,023,771	1,268,205
Total liabilities		<u>206,465,955</u>	<u>195,425,105</u>
Assets less liabilities		<u>53,054,428</u>	<u>51,364,826</u>
Members' Resources			
Statutory reserve		39,827,180	38,737,044
Other reserves		13,227,248	12,627,782
Total reserves		<u>53,054,428</u>	<u>51,364,826</u>

On behalf of the Credit Union

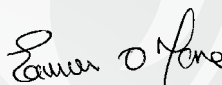
Manager:


PADRAIG ENRIGHT

Member of Board Oversight Committee:


TOMMY COLEMAN

Member of the Board of Directors:


EAMON O MARA

Date: 2/2/2023

STATEMENT OF CHANGES IN RESERVES

Year Ended 30 September 2022

	Surplus	Statutory reserve	Operational risk	Dividend and other reserve	Distributable reserve	Undistributable reserve	Total
	€	€	€	€	€	€	€
Opening balance at 1 October 2020	-	36,787,927	7,075,042	3,900,000	659,568	-	48,422,537
Surplus for the year	3,491,170	-	-	-	-	-	3,491,170
Dividends paid	-	-	-	-	(88,965)	-	(88,965)
Interest rebate paid	-	-	-	-	(459,916)	-	(459,916)
Transfer to statutory reserves	(1,949,117)	1,949,117	-	-	-	-	-
Transfer to operational risk reserves	(850,000)	-	850,000	-	-	-	-
Transfer to undistributable reserve	11,440	-	-	-	(42,720)	31,280	-
Transfer to distributable reserve	(703,493)	-	-	-	703,493	-	-
Closing balance at 30 September 2021	-	38,737,044	7,925,042	3,900,000	771,460	31,280	51,364,826
Opening balance at 1 October 2021	-	38,737,044	7,925,042	3,900,000	771,460	31,280	51,364,826
Surplus for the year	2,401,362	-	-	-	-	-	2,401,362
Dividends paid	-	-	-	-	(27,961)	-	(27,961)
Interest rebate paid	-	-	-	-	(683,799)	-	(683,799)
Transfer to statutory reserves	(1,090,136)	1,090,136	-	-	-	-	-
Transfer to operational risk reserves	(30,000)	-	30,000	-	-	-	-
Transfer to undistributable reserve	31,280	-	-	-	-	(31,280)	-
Transfer to distributable reserve	(1,312,506)	-	-	-	1,312,506	-	-
Closing balance at 30 September 2022	-	39,827,180	7,955,042	3,900,000	1,372,206	-	53,054,428

The statutory reserve of the Credit Union as % of total assets as at 30 September 2022 was 15.35% (2021: 15.70%).

STATEMENT OF CASH FLOWS

Year Ended 30 September 2022

	2022 €	2021 €
Operating surplus	2,401,362	3,491,170
Depreciation charge	247,153	146,244
Increase/(decrease) in provision for bad debts	146,349	(39,938)
(Increase)/decrease in debtors and prepaid expenses	(74,120)	55,144
(Decrease)/increase in accrued expenses	(244,434)	432,797
Dividends paid	(27,961)	(88,965)
Interest rebate paid	(683,799)	(459,916)
(Increase)/decrease in loans to members	(1,154,552)	1,649,574
Net cash flows generated from operating activities	<u>609,998</u>	<u>5,186,110</u>
Cash flows from investing activities		
Purchases of tangible fixed assets	(1,346,536)	(1,085,691)
Net investment movement	<u>(9,643,540)</u>	<u>(24,979,540)</u>
Net cash generated from financing activities	<u>(10,990,076)</u>	<u>(26,065,231)</u>
Cash flows from financing activities		
Increase in members' shares	<u>11,285,284</u>	<u>17,336,094</u>
Net cash from financing activities	<u>11,285,284</u>	<u>17,336,094</u>
Net increase/(decrease) in cash and cash equivalents	€905,206	(3,543,027)
Cash and cash equivalents at start of year	<u>3,918,699</u>	<u>7,461,726</u>
Cash and cash equivalents at end of year	<u>4,823,905</u>	<u>3,918,699</u>
Cash and cash equivalents consists of:		
Cash at bank and in hand	<u>4,823,905</u>	<u>3,918,699</u>
Cash and cash equivalents	<u>4,823,905</u>	<u>3,918,699</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Clonmel Credit Union Limited is established under the Credit Union Act 1997, as amended. The Credit Union is registered with the Register of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is Parnell Street, Clonmel, Co Tipperary.

2 Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102").

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the Credit Union's financial statements are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial period. It also requires the directors to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Going concern

The financial statements are prepared on the going concern basis. The directors of Clonmel Credit Union Limited believe this is appropriate as the Credit Union:

- is generating annual surpluses;
- maintains an appropriate level of liquidity; and
- has reserves that are currently above the minimum requirements of the Central Bank.

In considering going concern, the directors have had regard to the underlying income and expenditure and the continuing impact of Covid-19 restrictions. They are satisfied that the Credit Union has adequate resources to meet obligations for the foreseeable future from the date of approval of these financial statements

(c) Income

Interest on members' loans

Interest on loans to members is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Investment income

Clonmel Credit Union Limited use the effective interest method to recognise investment income.

Other income

Other income such as commissions receivable on insurance products and foreign exchange services arise in connection with specific transactions. Income relating to individual transactions is recognised when the transaction is completed.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Summary of significant accounting policies - continued

(d) Tangible fixed assets

Tangible fixed assets are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) Premises

Premises are carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Fixtures, computer fittings and computer equipment

Fixtures and fittings and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation

Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

Premises	2% Straight Line
Fixture and fittings	20% Straight Line
Computer equipment	20% Straight Line

(iv) Derecognition

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(e) Taxation

The Credit Union is not subject to income tax or corporation tax on its activities as a Credit Union.

(f) Dividends and loan interest rebates to members

The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

The rate of dividend and loan interest rebate recommended by the Board will reflect:

- the risk profile of the Credit Union, particularly in its loan and investment 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 rebates of loan interest when members ratify such payments at the Annual General Meeting.

(g) Cash and cash equivalents

Cash and cash equivalents comprise operating cash on hand and cash deposited with banks with original maturity of less than or equal to three months.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Summary of significant accounting policies - continued

(h) **Employee benefits**

The credit union provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post employment benefits (in the form of defined contribution pension plans).

(i) *Short term benefits*

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

(ii) *Post-employment benefits*

Clonmel 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 ILCU is the principal employer of the Scheme and Clonmel Credit Union Limited is a participating employer.

The scheme is a multi-employer defined benefit Scheme and there is insufficient information for Clonmel Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, the Scheme is currently accounted for as a defined contribution plan.

If an agreement is entered into with the Scheme that determines how Clonmel Credit Union Limited will fund a past service deficit, Clonmel Credit Union Limited shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

(i) **Financial instruments**

The Credit Union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

i) Basic financial assets

Basic financial assets are initially measured at the transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Basic financial instruments include the following:

Loans to members

Loans to members 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.

Investments held at amortised cost

Investments 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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Summary of significant accounting policies – continued

(i) Financial instruments – continued

un-collectability. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

ii) Investments held at fair value

The Credit Union initially recognises its complex investments at fair value. At the end of each reporting period, the Credit Union measures these investments at fair value and recognises changes in fair value in Income and Expenditure Account. The Credit Union uses the following hierarchy to estimate the fair value of these investments:

Level 1 fair values.

The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Level 2 fair values.

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Level 3 fair values.

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the asset at fair value. If a reliable measure of fair value is no longer available for an asset measured at fair value, its carrying amount at the last date the asset was reliably measurable becomes its new cost. The entity shall measure the asset at this cost amount less impairment, if any, until a reliable measure of fair value becomes available.

iii) Basic financial liabilities

Basic financial liabilities are initially recognised at the transaction price, including transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial liabilities members' shares

Members' shares are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently members' deposits are measured at amortised cost. Members' shares are repayable on demand except for shares attached to loans.

Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Summary of significant accounting policies - continued

De-recognition of financial liabilities

Financial liabilities are derecognised when the obligations of the Credit Union specified in the contract are discharged, cancelled or expire.

(j) 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.

(k) Impairment of financial assets

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics except for individually significant loans which are assessed on a loan by loan basis for impairment.

Any 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.

(l) De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

In the case of loans to members, loans are derecognised, when the right to receive cash flows from the loans have expired, usually when all amounts outstanding have been repaid by the member. Clonmel Credit Union Limited does not transfer loans to third parties.

(m) Reserves

Statutory reserve

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

Operational risk reserve

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves of the Credit Union is required to hold in its Statutory reserve.

Dividend and other reserves and distributable reserve

Dividend and other reserves and the distributable reserve are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the Statutory or Operational Risk reserves.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Summary of significant accounting policies - continued

(m) Reserves (continued)

Undistributable reserve

Unrealised gains and losses on financial instruments held under fair value are transferred into a undistributable reserve.

4 Critical accounting judgement and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Impairment losses on loans to members*

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policy in Note 3(k). 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 and the impact of Covid-19. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union 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 expected cash flows taking account of pledged shares and other security as appropriate.

(ii) *Useful economic lives of tangible assets*

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the tangible fixed assets, and note 3d (iii) for the useful economic lives for each class of tangible fixed assets.

(iii) *Pensions*

Clonmel Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 Critical accounting judgement and estimation uncertainty (continued)

(iii) Pensions (continued)

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 Clonmel 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 Clonmel Credit Union Limited has determined that there is currently insufficient information available to provide an appropriate allocation of pension assets and liabilities.

(b) Critical accounting judgements

Under the requirements of FRS 102 non basic financial instruments are required to be carried at fair value. Judgement is applied by the directors in determining best evidence of fair value of the Credit Union's non basic financial assets (investments), and these judgements are set out in note 10. The auditors have made reference to this, in their Independent Auditors' Report.

5	Loan interest on members' loans	2022 €	2021 €
	Closing accrued loan interest receivable	116,856	139,931
	Loan interest received in year	6,718,634	6,924,826
	Opening accrued loan interest receivable	(139,931)	(218,343)
		<u>6,695,559</u>	<u>6,846,414</u>
6	Deposit interest and investment income	2022 €	2021 €
	Received by the Credit Union at balance sheet date	652,782	591,482
	Receivable within 12 months of the balance sheet date	601,081	563,272
		<u>1,253,863</u>	<u>1,154,754</u>
7	Other income	2022 €	2021 €
	Investment commission	–	20,200
	Miscellaneous income	14,826	629
	Insurance commission	13,866	24,919
	Pension refund (8 (iv))	933,859	–
	Foreign exchange	<u>16,145</u>	<u>6,051</u>
		<u>978,696</u>	<u>51,799</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 Employees and employment costs

(i)	Number of employees	2022 Number	2021 Number
The average monthly number of employees during the year was:			
	Manager	1	1
	Other staff	38	36
	Total	39	37
(ii)	Employment costs	2022 €	2021 €
	Wages and salaries	1,402,528	1,587,907
	Termination payment	-	461,442
	Social security costs	164,830	174,479
	Pension deficit	1,920,158	-
	Payments to pension schemes	195,244	247,087
		3,682,760	2,470,915
(iii)	Key management personnel	2022 €	2021 €

The remuneration of the 7 (2021: 7) key management personnel was as follows:

Short term employee benefits	573,527	516,650
Payments to pension schemes	69,554	76,028
	643,081	592,678

Short term employee benefits include wages, salaries, social security contributions and paid annual leave.

(iv) Pension deficit

In the current year the Credit Union received confirmation from the Irish League of Credit Unions (ILCU) that Clonmel Credit Union Limited's share of the total deficit contribution amounted to €2,023,920. During the year the Credit Union paid the full deficit amount and no liability recognised at year end.

The total cost of the deficit has been recognised in the Income and Expenditure account in the current year.

Pension refund

At the ILCU AGM 2022 the members approved to utilise the Stabilisation Protection Scheme (SPS) to support affiliated credit unions with their pension deficit liabilities. Clonmel Credit Union's refund amounted to €1,037,621. During the year the Credit Union received 90% of the refund (€933,859). The outstanding payment owed to the Credit Union, €103,762 is included in debtors as set put in Note 12.

9 Death benefit insurance

	2022 €	2021 €
Death benefit insurance expense	439,274	453,777
Claims experience refund – ECCU	(199,685)	(390,354)
	239,589	63,423

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Investments and deposits

Investments at the current and prior balance sheet date comprised the following:

Basic financial instruments		2022	2021
		€	€
Fixed term deposits with banks		85,266,223	95,508,100
Bank and government bonds		56,886,278	22,936,800
Central Bank minimum deposits		4,505,910	26,538,691
Total investments at amortised cost		146,658,411	144,983,591
Other financial instruments			
Other structured bonds and deposits		41,800,000	33,831,280
Total investments at fair value		41,800,000	33,831,280
Total investments (basic and other)		188,458,411	178,814,871
Other financial instruments – fair value	Fair value Hierarchy Level 2	2022	2021
		€	€
Cost		41,800,000	33,800,000
Capital guaranteed		41,800,000	33,800,000
Fair value		41,800,000	33,831,280

Estimation of fair values

The fair value for investment products classified as ‘other investments’ is based on valuations received from a professional and independent credit union investment expert. The investments in question do not have an active market, are capital guaranteed, and, were made in line with regulations created by the Central Bank of Ireland. As the credit union does not have access to secondary markets, the investments will be held to maturity. The opinion of the expert having considered the valuation options available was that it is reasonable for the credit union to use the transaction prices used by other credit unions in recent transfers of engagements as a reliable estimate of the fair values of the non-basic financial instruments. The Board of Clonmel Credit Union is satisfied that the opinion of the expert is in line with FRS102, and, best reflects the economic reality of the structure and operation of investments in the credit union.

The category of counterparties with whom the investments were held was as follows:

Rank of tiers		2022	2021
		€	€
1	Aaa	1,998,207	1,996,442
2	Aa2	1,300,000	1,300,000
3	Aa3	27,806,010	8,050,897
4	A1	54,387,498	39,496,740
5	A2	84,460,786	80,178,958
6	A3	8,000,000	8,000,000
7	Baa1	6,000,000	6,000,000
8	Baa2	–	7,253,143
9	Ba2	–	–
Non Rated (Central Bank Minimum Reserve)		4,505,910	26,538,691
		188,458,411	178,814,871

Prior Year Comparatives

Prior year comparatives have been amended where appropriate to assist comparability.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Loans to members

	2022 €	2021 €
(a) Loans to members		
Gross loans to members	<u>67,041,465</u>	<u>65,886,913</u>
Impairment allowances		
Individual loans	3,552,529	3,681,179
Groups of loans	<u>2,144,521</u>	<u>1,869,522</u>
Loan provision	<u>5,697,050</u>	<u>5,550,701</u>
Net loans at 30 September	<u>61,344,415</u>	<u>60,336,212</u>

(b) Credit risk disclosures

Clonmel Credit Union Limited offers mortgages to its members. All mortgages issued by Clonmel Credit Limited are secured by a first legal charge as outlined in the terms and conditions of the mortgage product. At 30 September 2022 there were 5 mortgages outstanding amounting to €799,990.

The carrying amount of the loans to members represents Clonmel Credit Union Limited's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments.

	Amount 2022 €	Amount 2021 €
Not past due	57,362,711	57,045,215
Up to 9 weeks past due	6,832,172	6,062,232
Between 10 and 18 weeks past due	728,725	811,804
Between 19 and 26 weeks past due	407,514	421,202
Between 27 and 39 weeks past due	374,013	297,442
Between 40 and 52 weeks past due	311,977	353,014
53 or more weeks due	<u>1,024,353</u>	<u>896,004</u>
Total gross loans	<u>67,041,465</u>	<u>65,886,913</u>
Loan provision	<u>(5,697,050)</u>	<u>(5,550,701)</u>
Total carrying value	<u>61,344,415</u>	<u>60,336,212</u>

Factors that are considered in determining whether loans are impaired are discussed in Note 4, dealing with estimates.

	2022 €	2021 €
(c) Loan provision account for impairment losses		
As at 1 October	5,550,701	5,590,639
Increase/(Decrease) in loan provisions during the year	<u>146,349</u>	<u>(39,938)</u>
At 30 September	<u>5,697,050</u>	<u>5,550,701</u>
(d) Net recoveries or losses recognised for the year		
Bad debts recovered	872,314	890,543
(Increase)/decrease in loan provisions during the year	<u>(146,349)</u>	<u>39,938</u>
	<u>725,965</u>	<u>930,481</u>
Loans written off	<u>(386,048)</u>	<u>(381,660)</u>
Net recoveries on loans to members recognised for the year	<u>339,917</u>	<u>548,821</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Debtors and prepaid expenses

	2022 €	2021 €
Prepayments and other debtors	198,359	242,735
Accrued income investments	601,081	563,272
ILCU rebate receivable	103,762	–
Accrued loan interest income	116,856	139,931
	<u>1,020,058</u>	<u>945,938</u>

13 Tangible fixed assets

	Premises €	Fixtures & fittings €	Computer equipment €	Total €
Cost				
At 1 October 2021	3,246,600	1,407,974	609,455	5,264,029
Additions during year	<u>967,123</u>	<u>265,421</u>	<u>113,992</u>	<u>1,346,536</u>
At 30 September 2022	<u>4,213,723</u>	<u>1,673,395</u>	<u>723,447</u>	<u>6,610,565</u>
Accumulated depreciation				
At 1 October 2021	930,770	1,224,021	335,027	2,489,818
Charge for year	<u>55,790</u>	<u>95,768</u>	<u>95,595</u>	<u>247,153</u>
At 30 September 2022	<u>986,560</u>	<u>1,319,789</u>	<u>430,622</u>	<u>2,736,971</u>
Net book value				
At 30 September 2021	<u>2,315,830</u>	<u>183,953</u>	<u>274,428</u>	<u>2,774,211</u>
At 30 September 2022	<u>3,227,163</u>	<u>353,606</u>	<u>292,852</u>	<u>3,873,594</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14	Accrued Expenses	2022 €	2021 €
	PAYE/PRSI	52,086	64,223
	Creditors and other accruals	971,685	1,203,982
		<u>1,023,771</u>	<u>1,268,205</u>

15 Financial risk management

Clonmel 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 Clonmel Credit Union Limited's activities are credit risk, liquidity risk, market 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 Clonmel Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. The credit risk on members' loans is disclosed in Note 11.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank.

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. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Market risk

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

Interest rate risk

The 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 on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Financial risk management continued

Interest rate risk disclosures

The following table shows the average interest rates applicable to relevant financial assets:

	2022		2021	
	Amount €	Interest rate %	Amount €	Interest rate %
Financial assets				
Gross loans to members	60,691,626	10.49%	65,095,684	10.49%
Gross agri loan	217,148	5.99%	38,938	5.99%
Gross green loan B+	61,568	5.80%	66,638	5.80%
Gross business loan	842,330	5.25%	535,675	5.25%
Gross SBCI special COVID loan	104,845	5.00%	130,582	5.00%
Gross loan sale loan	4,259,805	4.99%	–	4.99%
Gross green loan A	64,152	4.79%	19,396	4.79%
Gross home loan	799,990	4.00%	–	4.00%

16 Pension contribution

The Irish League of Credit Unions Republic of Ireland Pension Scheme

Clonmel 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 accrual and although staff retained all the benefits that they had earned in the scheme to that date, Clonmel 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. Clonmel Credit Union Limited's allocation of that past service deficit is €2,023,920. This total cost is included in the Income & Expenditure account for the year ended 30 September 2022. The deficit amount was paid to the trustees of the scheme during the year.

As this is a pooled pension scheme, Clonmel 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. Clonmel 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Dividend and interest rebate

The dividend and interest rebate paid and accounted for during the year ended 30 September 2022 was proposed at the 2021 Annual General Meeting in respect of the year ended 30 September 2021. Please see Statement of Changes in Reserves for details of amounts paid.

No dividend or interest rebate in respect of the year ended 30 September 2022 is recognised in these financial statements, in line with FRS 102. The proposed final dividend of 0.01% (€19,871) and proposed interest rebate of 20% (€1,346,034) for the year ended 30 September 2022 will, if it is approved at the 2022 Annual General Meeting, be recognised in the year ending 30 September 2023.

18 Contingent liabilities and capital commitments

There is a contingent liability with Bank of Ireland in the sum of €50,000, taken out on 19 May 2014, in respect of payment by means of EFT.

At 30 September, the credit union has the following capital commitments:

	2022 €	2021 €
Contractual commitment regarding the refurbishment of buildings	-	1,289,239

19 Related party transactions

During the year loans were advanced to directors and key management team of Clonmel Credit Union Limited (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of €257,790 (2021: €89,018). These loans were approved in accordance with the Standard Credit Union rules and the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016. The loans outstanding from these parties at 30 September 2022 were €436,390 (2021: €357,089). These loans amounted to 0.65% of total gross loans due at 30 September 2022 (2021: 0.54%).

There were no provisions against loans due from the directors and the management team at the current or prior balance sheet.

The directors and management team shares and deposits balances stood at €1,221,516 at 30 September 2022 (2021: €1,085,031).

20 Insurance against fraud

The Credit Union has insurance against fraud in the amount of €2,600,000 in compliance with section 47 of the Credit Union Act 1997, as amended.

21 Post balance sheet event

There are no material events after the Balance Sheet date to disclose.

22 Approval of financial statements

The financial statements were approved by the board of directors on 2nd February 2023.

SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 1- OTHER MANAGEMENT EXPENSES

	2022 €	2021 €
Rates	14,531	7,115
Lighting, heating and cleaning	90,088	77,763
Repairs and renewals	9,949	10,283
Computer maintenance	223,573	212,593
Security	70,224	68,203
Printing and stationery	47,421	34,110
Postage and telephone	26,118	15,862
Donations, sponsorship and community activities	27,235	37,921
Promotion and advertising	79,707	71,915
Training costs	19,496	13,032
Subscriptions and levies	191,816	161,037
Convention expenses	2,306	-
Credit control collection	134,540	100,205
Irish credit bureau	24,931	26,718
AGM expenses	32,695	30,603
Travel and subsistence	1,410	580
ATM card cos	6,782	1,329
Bank charges/interest	201,475	171,990
Audit fees – external	41,820	35,670
Audit fees – internal	20,162	26,792
Legal and professional fees	79,029	165,932
General insurance	101,143	87,638
Savings protection scheme fund contribution	66,987	-
Charge on deposit protection account	209,675	161,658
Broadband and telephone	77,195	66,218
Staff recruitment	4,975	-
Miscellaneous expenses	72,742	32,072
	<u>1,878,025</u>	<u>1,617,239</u>

This page does not form part of the audited financial statements.



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2022 **ANNUAL REPORT**