



# People helping People



ST. PATRICK'S CREDIT UNION (ESB STAFF) LTD.

## Annual Report 2015

NOT FOR PROFIT NOT FOR CHARITY BUT FOR SERVICE

# MISSION STATEMENT

To improve the economic and social well-being of all members by providing financial services with dignity and integrity on a not-for-profit basis. We will meet the needs of our members by being the preferred provider of select personal financial services and we will apply best practice standards in all aspects of our business in the interest of our members.

**INVESTMENT ADVISORS**

Goodbody  
Ballsbridge Park  
Ballsbridge  
Dublin 4

**AUDITOR**

Grant Thornton  
Mill House  
Henry Street  
Limerick

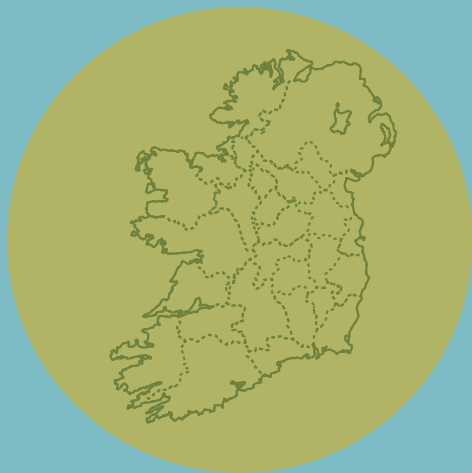
**SOLICITOR**

Donal T. McAuliffe & Co  
57 Merrion Square  
Dublin 2

**BANK**

AIB Bank  
Lower Baggot Street  
Dublin 2

# Going from strength to strength...



**13,732**  
TOTAL  
MEMBERSHIP



**2,795**  
LOANS APPROVED  
(98.48% OF ALL APPLICATIONS)



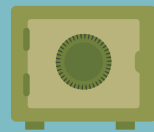
**€255.9m**  
CURRENT  
INVESTMENTS



**€48.5m**  
LOAN  
BOOK



**1,904**  
BUDGET  
ACCOUNTS



**13,732**  
SHARE  
ACCOUNTS



**52,422**  
PHONE CALLS



**95** MEMBERS  
AVAILABLE OF  
FINANCIAL  
COUNSELLING



**488,802**  
TRANSACTIONS



**440**  
JUNIOR  
MEMBERS



**3,213**  
CAR DRAW  
ENTRIES



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# REPORT OF BOARD OF DIRECTORS



It is my pleasure, on behalf of the Board of Directors, to present the Annual Report of St. Patrick's Credit Union (ESB Staff) Ltd for the year-ended 30 September 2015.

This year the Annual Report will also contain the Report of our Chief Executive Officer (CEO) which will cover the financial and operational elements of the business whilst the Report of the Board of Directors will focus on the strategic and governance elements. This is in line with the functions of the Credit Union as outlined in legislation.

Focused on  
Your Future

### 1. The Past Year:

#### Strong Results and a Positive Outlook

Despite operating in a challenging economic environment which saw investment rates continue to decline, the past year was another very successful one for St. Patrick's Credit Union. This is highlighted by a strong set of financial results coupled with the continuing high levels of service delivery achieved for members.

#### Transfers of Engagement – Welcoming our new Credit Unions

At the 2013 AGM, our members overwhelmingly approved the strategy recommended by the Board which set out 4 key Strategic Objectives for St. Patrick's Credit Union. One of these was to “examine opportunities to build strategic mergers & alliances with other credit unions”. Subsequent to this, at the 2014 AGM, the members, again overwhelmingly, “approved the Board to make decisions in relation to the transfer of engagements from Pearse Credit Union Limited and St. Laurence O’Toole Credit Union Limited to St. Patrick’s Credit Union (ESB Staff) Ltd subject to all relevant due diligence being completed and the Board being satisfied with the results of same”.

With this imprimatur, St. Patrick's Credit Union conducted thorough due diligence and in April 2015 along with Pearse Credit Union Limited and St. Laurence O’Toole’s Credit Union Limited, passed resolutions to enact the transfers. The transfers took place in May 2015 and I am happy to report that considerable progress has since been made in integrating the operations of the three credit unions into one. I am also delighted to report that we have already seen early indications of an upturn in loans issued as a result of the integration.

The Credit Unions of Pearse Street, St. Laurence O’Toole and St. Patrick’s (ESB Staff) are now all a part of our ‘family’. I would like to take this opportunity to formally welcome them and to acknowledge their efforts and openness in joining with us. I believe the decision taken provides all three Credit Unions with an opportunity for greater strength and sustainability than would have been the case if we had all remained independent.

#### Our Members

St. Patrick's Credit Union continues to be a strong, stable, efficient, well-governed, well-managed and transparent Credit Union. We have continued to meet the financial needs of our members but as always, we do not wish to rest on our laurels and will strive to do more.

This year we introduced a number of new loan products including the ‘Your Place’ and ‘New Path’ loans. This adds to our comprehensive suite of loans which are aimed at addressing the specific needs of all of our members. We will also be proposing the establishment of a Social Fund at this year’s AGM. This fund will be aimed at members and/or initiatives that benefit members where we might not otherwise be able to provide finance. Such funds are well established in many credit unions across the country and it is the Board’s belief that now is the correct time to establish such a fund.

New  
products  
and member  
benefits

Continuing robust management of costs and a strong focus on maximising income opportunities, whilst ensuring stability and security, means we are able to deliver another strong set of financial results.

On a lighter note, I wish also to mention that this year we launched the St. Patrick's Credit Union Car Draw. It has been an immediate success with well over three thousand members signing up within the first four months. This shows that membership of a credit union is not always just about the financial or ‘credit’ side of the business but is also about the ‘union’ or community side. When we reflect upon it, this really is the cornerstone of why credit unions have been so successful in Ireland for over 50 years.

### 2. The Year Ahead:

Ensuring the financial sustainability of St. Patrick's Credit Union is the key strategic goal of the Board. If we are not sustainable, we cannot provide the services to members as we are required to do. Whilst our loan-to-asset ratio has improved modestly, the income we receive on our investments continues to diminish as the return from the markets remain low and the forecasts are that this position will continue for the foreseeable future. Therefore, whilst we have made some historic decisions this year, it remains imperative that we continue to examine all opportunities that present themselves in line with our commitment to members.

The credit union sector, under the auspices of the Credit Union Restructuring Board (REBO) has seen much consolidation in the sector. As of September 2015, REBO facilitated 36 mergers involving some 74 credit unions and is currently “dealing with 107 projects (all at various stages) involving 191 credit unions”. In line with our commitment, we have continued to examine options that could add value for members. Naturally, having conducted two transfers of engagement, we subsequently received quite a number of requests to consider further transfers.

Our first obligation is to our members and whilst we engaged with all requests from other credit unions, not all were believed to be of benefit to our members and consequently many did not progress past early engagement stages.

A number have progressed however and at the AGM this year we will be seeking approval from members to conduct three further ‘transfer of engagements’ subject to satisfactory due diligence being completed by the Board and, subsequently, receipt of Central Bank approval. The approach taken will be similar to that of last year.

If the membership grants approval, the Board and management will complete proper and thorough due diligence. If due diligence is passed, Section 130 packs will be issued to all members. In the event that due diligence for any or all of the potential transfers is not completed satisfactorily, then we will inform the membership to this effect.

The three Credit Unions proposed for transfer of engagement are a mix of ‘community’ (Ringsend and East Wall) and ‘Industrial’ credit unions (IndoGroup). Collectively, the asset sizes are approximately €43.6m which equates to c.14% of the assets of St. Patrick's Credit Union. It is the opinion of the Board and management that the Common Bonds and financial assets of these credit unions are of significance given their geographical proximity to our offices. In addition, the potential opportunity for growth that exists within their locations fits comfortably with our strategic objectives. We will be presenting further details of these potential transfers and the process in this respect at the AGM.

In the Year ahead, we will be investigating new ways of providing services to members, through new products and new service delivery channels such as mobile and online technology. The initial achievements of our strategy have provided St. Patrick's Credit Union with the assurance to identify and deliver these services to our members. I can assure the members that we are working on these areas and, whilst improvements in technology can take time, much of our plans to deliver even more for members will become apparent in the year ahead.

Embracing  
future  
challenges

New  
Technology

New Credit Union Regulations

I wish to bring members attention to new regulations that are due to commence at the end of the year. It appears that the regulations may serve to constrain credit unions from offering all of the products and services that over the years have often been requested by our members. I do not wish to discuss this in detail in the Annual Report but this is a topic that the Board and management are well-appraised of and will be monitoring closely.

Our duty is to our members and it is essential that we remain relevant and continue to offer as full a range of products and services as possible. Suffice it to say therefore, that as a Board, we will continue to assess the situation as it develops to ensure that St. Patrick's Credit Union is positioned to provide those products and services to our members in the best way possible.

Relevance

Sector co-operation

In the light of the major challenges currently facing the sector in Ireland, we are proactively engaged with representative bodies and individual groups of credit unions, seeking opportunities to collaborate together, to ensure long term sustainable prosperity and promotion of the co-operative difference in the communities we serve.

3. Final Thoughts and Acknowledgements:

I am very proud of the commitment of our Volunteer Directors, Board Oversight Committee, Agents and Members, all of whom have contributed to the success of the past year. I am grateful for their continued dedication and relentless hard work, assisting our members in achieving their financial goals. I would also like to express my gratitude to the communities of all three credit unions for their continuing support and to our Management and Staff for their contribution to our continued success.

Volunteer Commitment

I would like to acknowledge the unique contribution of our Board member, Hugh Connaughton, who is stepping down this year after almost two decades of service. His commitment and effort over this time reflect one of the strongest cooperative and community-focused minds that the Board has witnessed. His member focus has helped many a member and strengthened our Credit Union. Suffice to say, he has embodied our 'community ethos'.

I would like also to acknowledge Lily Deegan who was the Chair of St Laurence O'Toole's Credit Union for over 40 years and has been a bedrock of that community and the Credit Union itself. Both Lily, and Lorraine Malone, the former Chair of Pearse Credit Union, who has been

nominated for the Board, have delivered fantastic service to their communities. It is hoped that, together, we can continue to provide as good if not a better service to the members in those communities.

Finally, I want to thank all of our members for their continued trust, loyalty and unwavering support which is critical to our success and growth, this enables your elected Directors to stay focused on our mission and vision. In the year ahead we will continue to improve our products and services by enhancing our systems and processes in order to serve you, the member, to the best of our credit union's ability.



George O'Driscoll  
President

BOARD OF DIRECTORS 2015



George O'Driscoll,  
President



Valerie Little,  
Vice President  
Stephen Walshe,  
Secretary



Sarah Claxton  
Hugh Connaughton  
John McSweeney



Claire Ryan  
Alva Sheehy  
Tony Walsh



# REPORT OF THE CHIEF EXECUTIVE OFFICER



It is my pleasure, as Chief Executive Officer of St. Patrick's Credit Union (ESB Staff) Ltd. to report on the business of our Credit Union for the year-ended 30 September 2015 and outline some of the challenges we face in the coming year.

**Business Results**

The past year has produced very positive results for St. Patrick's Credit Union. There are underlying improvements in key areas such as the number of loan applications, the size of the loan book, membership numbers and the total assets. Whilst total income declined, chiefly due to market forces which are outside of our control, the income achieved was ahead of forecasts due to an uptick in the loan book in the second half of the year and strong management of investments. Total expenditure was reduced year-on-year and bad debts written off also declined. I am also happy to report that St. Patrick's Credit Union maintains a strong compliance framework and we will once again be in a position to confirm to the Central

Bank of Ireland that we are materially compliant with the laws and regulations that govern our Credit Union.

Before outlining the key results, it is worth noting that having completed the two transfer-of-engagements with St. Laurence O'Toole's and Pearse Credit Unions, comparing figures from year to year in the Annual Report does not provide a direct comparison. Therefore, where the word 'underlying' is mentioned, this signifies a direct comparison with the business conducted this year versus that of last year. This differentiation will help provide a more meaningful analysis to members.

**Business as Usual**

With all of the change that has occurred and continues to occur, we can at times take for granted the 'day-to-day' business that defines what we actually do as a Credit Union. I would therefore like to draw your attention to some of the key financial and member services highlights from the year:

FINANCIAL HIGHLIGHTS		MEMBER SERVICES HIGHLIGHTS	
Total assets - €309m	Increase of 4.6%	Total Membership 13,732	Increase of 23%
Net income of €8.4m	Down year-on-year but 7.88% ahead of forecast	Loans Applications - 2,838	Increase of 15%+
		Value - €26.84m	Increase of 25%+
Total expenditure - €4.2m	Reduction of 2.7%	Loans approved 2,795	98.5% Applications approved
Bad debts written-off - €4.1k	Reduction of 91%	Over 25 Sub-office visits delivered	Increase of 33%
Bad debt provisions stands at €4.27m	Increase of 15.5%	Member Phone calls dealt with 52,422	Increase of 3.32%
Capital and Reserves €49.2m	Increase of 2.9%	Transactions completed - 488,802	Increase of 20%+
Loan Book - €48.5m	Increase of 10.7%	Car Draw Introduced: Fantastic response	Over 3.2k members sign up
Dividend proposal: 1.0% on savings 10% rebate on loans	Equivalent of 1.2% - Maintained despite investment environment	New Junior Members: The Future!	440

# BORROWERS AND SAVERS REWARDED

**Dividend Proposal**

This year, the Board have reviewed our approach to the distribution of surplus. In the past, St. Patrick's Credit Union has distributed the surplus exclusively to savers. On review, it was felt that we should consider where our income is generated and this year, the Board is proposing that borrowing members should reap some benefit in the distribution of our surplus. Accordingly, the Board are proposing that we recommend a dividend of 1.0% and a rebate on loans of 10%. The sum total of this corresponds to a dividend payment of 1.2% which is the equivalent of last year's dividend. It should be noted that approximately 1/6th of our assets are in loans whilst 5/6ths are in savings so the distribution ratio is commensurate with this as we believe that this is both a fairer approach to the surplus distribution and should help attract more borrowing by members in the future.

From a member services perspective, during the year we also provided sub-office services in approximately 20 locations around the country; delivered 'roadshow' presentations to over 500 members and had a fantastic One Big Family member weekend in Fota Island Wildlife Park in late August. Although not exhaustive, these reflect the types of benefits delivered to our members and great credit must go to the Credit Union staff who continue to provide terrific service by always putting our members first.

**Challenges to the Business**

Since our AGM in 2013, we have embarked upon a new strategy. Family membership was introduced, new lending products were launched, and two transfer-of-engagements have been concluded. All of these were with a view to helping provide us with a lending base from which we could ensure our financial sustainability. We have begun to see the early fruits of these efforts with the underlying loan book having increased by c.5%. However, whilst there has been much hard work in bringing us to this point, a major challenge still remains.

As outlined, our loan book currently represents approximately 1/6th of the assets from which we derive our income whilst our investment portfolio forms the other 5/6ths. Due to the severe reduction in investment returns, the income from our investment portfolio has significantly declined and this trend is due to continue into the near future.

One additional challenge to our financial sustainability is the advent of new regulations which are due to commence on 31 December 2015. The Central Bank of Ireland proposed new regulations for credit unions in their Consultation on Regulations for Credit Unions Paper (CP88). Despite detailed submissions by St. Patrick's Credit Union and many other credit unions to these proposals, little was amended. If the regulations commence as proposed, we are likely to see an even further significant reduction in income in the years ahead. This constitutes a serious risk to our business.

It is therefore imperative that we continue to seek ways to ensure that the demand for loans continues to increase such that we can reduce our reliance on investment income over time and underpin our sustainability.

It is with this in mind that we have continued to investigate every opportunity for growth for our Credit Union in line with the Board's previous commitment to the members at both last year's AGM and this year's SGM. We examined a number of options that could add value for members and at the AGM this year, we will be seeking approval from members to conduct three further 'transfer of engagements' from other credit unions subject to satisfactory due diligence being completed by the Board and subsequently, receipt of Central Bank approval.

At initial inspection, it is the opinion of the Board and management that the Common Bonds of these credit unions are of significance given their geographical proximity to our offices and the potential opportunity for growth that exists within their locations which fits comfortably with our strategic objectives. We will be presenting further details of the transfers and the process around same at the AGM.

**In conclusion**

The past year has been both historic and successful for our Credit Union. Challenges remain but our future is in the hands of a Board that has the foresight and steadfastness to steer a safe and effective path and who are supported by staff and management that are motivated to deliver the best possible outcome for our members.

**Robert Cooper**  
Chief Executive Officer

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The Directors are responsible for preparing the financial statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland, including the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

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 the 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 which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended). They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# STATEMENT OF BOARD OVERSIGHT COMMITTEE RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The Credit Union Acts 1997 to 2012 require the appointment of a Board Oversight Committee which oversees the Directors in the performance of their functions and shall have access, at all times, to the books and documents

(including draft documents) of the Credit Union to enable the Committee to carry out its function under the Acts.

The financial statements were approved by the Board on 3rd November 2015 and signed on its behalf by:



Chief Executive Officer  
Robert Cooper  
Date: 3 November 2015



Member of the Board Oversight Committee  
Dara Connolly  
Date: 3 November 2015



President  
George O'Driscoll  
Date: 3 November 2015

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. PATRICK'S CREDIT UNION (ESB STAFF) LTD.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

We have audited the financial statements of St. Patrick's Credit Union (ESB Staff) Ltd. for the year ended 30 September 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish Law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

## Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Credit

Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2015 and of its income and expenditure for the year then ended;
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared so as to conform with the requirements of the Credit Unions Act, 1997 (as amended).

Other matters prescribed by the Credit Union Act, 1997 (as amended).

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

**Grant Thornton**  
Chartered Accountants & Registered Auditors  
Mill House, Henry Street, Limerick  
Date: 3 November 2015



# ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Schedule	2015 €	2014 €
<b>Income</b>			
Interest on Members' Loans		3,316,840	3,346,194
Other Interest Income and Similar Income	1	5,017,104	5,732,698
Net Interest Income		8,333,944	9,078,892
Other Income	2	111,009	88,203
<b>TOTAL INCOME</b>		<b>8,444,953</b>	<b>9,167,095</b>
<b>Expenditure</b>			
Salaries and Pensions		1,273,249	996,750
Other Management Expenses	3	2,262,308	2,270,453
Depreciation		124,429	477,228
Interest on Members' Deposits		68,353	194,681
Provision for Bad and Doubtful Debts		440,796	346,044
<b>TOTAL EXPENDITURE</b>		<b>4,169,135</b>	<b>4,285,156</b>
<b>Excess of income over expenditure for the year</b>		<b>4,275,818</b>	<b>4,881,939</b>
Add:			
General Reserve Balance at 1 October		13,567,817	12,799,128
Reserves now Realisable		-	271,652
		<b>17,843,635</b>	<b>17,952,719</b>
Less:			
Transfer to Statutory Reserve		(427,582)	(488,194)
Transfer to Other Reserves		(980,372)	(1,500,000)
Dividend Paid		(2,902,056)	(2,396,708)
		<b>(4,310,010)</b>	<b>(4,384,902)</b>
<b>GENERAL RESERVE</b>		<b>13,533,625</b>	<b>13,567,817</b>
<b>On behalf of the Credit Union</b>			



**Robert Cooper**  
Chief Executive Officer  
Date: 3 November 2015



**Dara Connolly**  
Member of the Board Oversight Committee  
Date: 3 November 2015



**George O'Driscoll**  
President  
Date: 3 November 2015

# STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 €	2014 €
Surplus for the financial year	4,275,818	4,881,939
Total recognised gains/ (losses) relating to the year	4,275,818	4,881,939

On behalf of the Credit Union



Robert Cooper  
Chief Executive Officer  
Date: 3 November 2015



Dara Connolly  
Member of the Board Oversight Committee  
Date: 3 November 2015



George O'Driscoll  
President  
Date: 3 November 2015

# BALANCE SHEET

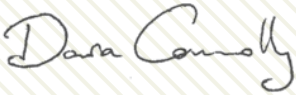
AS AT 30 SEPTEMBER 2015

	Notes	2015 €	2014 €
<b>Assets</b>			
Cash and balances at bank		6,207,844	4,253,613
Deposits and Investments	2	255,945,219	248,761,466
Loans to Members		48,534,057	43,854,309
Less: Provision for Bad and Doubtful Debts	3	(4,270,696)	(3,696,044)
Tangible Fixed Assets	4	2,713,954	2,352,868
Prepayments		46,355	1,047
TOTAL ASSETS		309,176,733	295,527,259
<b>Liabilities</b>			
Member' Shares	5	254,752,417	240,741,318
Members' Deposits		-	2,343,533
Members' Budget Accounts		3,130,601	3,178,279
Car Draw	17	80,589	-
Other Liabilities and Charges	6	1,967,671	1,400,288
TOTAL LIABILITIES		259,931,278	247,663,418
Net worth		49,245,455	47,863,841
<b>Represented By: RESERVES</b>			
Statutory Reserve	7	29,561,430	28,604,024
Additional Regulatory Reserve	7	4,319,884	4,192,000
TOTAL REGULATORY RESERVE		33,881,314	32,796,024
Realised Reserves	7	15,364,141	15,067,817
TOTAL RESERVES		49,245,455	47,863,841

On behalf of the Credit Union



Robert Cooper  
Chief Executive Officer  
Date: 3 November 2015



Dara Connolly  
Member of the Board Oversight Committee  
Date: 3 November 2015



George O'Driscoll  
President  
Date: 3 November 2015

The accounting policies and notes on the following pages form part of these Financial Statements.



SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2015

1.1 Accounting Convention

The Financial Statements are prepared under the historical cost convention.

1.2 Income Recognition

(a) Interest on Members’ Loans

Interest on Members’ Loans is recognised when payment is received as specified in Section 110(1)(c) (i) of the Credit Union Act, 1997 (as amended),(i.e. on a cash basis).

(b) Investment Income

Investment income is recognised when received or irrevocably receivable.

The specific Investment products held by the Credit Union are accounted for as follows:

Bank deposits, term deposits and other short term deposits

These are valued at the deposit amount plus any accrued interest and interest income is recognised in the income statement on an accruals (time) basis.

Investments bonds - Government bonds

Government bonds with fixed maturity dates are valued at the cost amount plus any accrued interest. Interest income is recognised in the income statement when it is received or irrevocably receivable. Government bonds with fixed maturity dates are held with the intention of disposal at their maturity dates. Premiums paid on these bonds, will be amortised over the remaining life of the bond to maturity.

Investments bonds - Senior debt

Unsubordinated investment bonds with fixed maturity dates are valued at the cost amount plus any accrued interest.

Interest is recognised in the income statement when it is received or irrevocably receivable. Capital guaranteed unsubordinated investment bonds with fixed maturity dates are held with the intention of disposal at their maturity dates. Premiums paid on these bonds, will be amortised over the remaining life of the bond to maturity.

Investments bonds - Subordinated debt

Subordinated investment bonds with fixed maturity dates are valued at lower of cost or market value and

income is recognised in the income statement when it is received or irrevocably receivable.

Unit funds

Unit funds are valued at the lower of cost or market value and income recognised in the income statement when it is received or irrevocably receivable. Increases in capital value are not recognised until the asset is sold or matures.

1.3 Tangible Fixed Assets

Tangible fixed assets are stated at the lower of cost or net realisable value. Depreciation is provided on a straight-line basis over the expected lives of tangible fixed assets.

Premises	2% per annum (30 September 2014: 11%)
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Fixtures and Fittings	20% per annum
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Office Equipment	25% per annum
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The Board of Directors reviewed the useful economic life of the Premises and following their review determined that the above rate is appropriate. The effect of the change in rate from 11% to 2% per annum decreased the depreciation charge for the year by €358,751. This will be subject to annual review by the Board of Directors.

1.4 Bad and doubtful debts

Provision has been made for doubtful debts, in accordance with Resolution 49 of the Irish League of Credit Unions, the Guidance Notes of the Financial Regulator and the provisions of the Credit Union Act, 1997 (as amended). At the balance sheet date the provision includes an additional bad debts provision upon specific loans as considered prudent by the board.

1.5 Value Added Tax

The Credit Union is not registered for VAT, therefore all expenses include VAT where charged.

1.6 Impairment of fixed assets

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Under the Financial Reporting Standard 11: Impairment of Fixed Assets and Goodwill, impairment is assessed by comparing the carrying value of an asset with its recoverable value (being the higher of net realisable value and value in use). Net realisable value is defined as the amount at which an asset could be disposed of net of any direct selling costs. Value in use is defined as the present value of the future cash flows obtainable through continued use of an asset including those anticipated to be realised on its eventual disposal. No impairment charge is required.

1.7 Pensions

Pension benefits are funded over the employees’ year of service by way of defined contributions paid to an approved fund held with Irish Life Assurance plc. Contributions are based on a fixed percentage on employee’s annual salary and the charge in the Income & Expenditure Account reflects contributions paid and payable in respect of the Year ended 30 September 2015.

1.8 Distribution policy

In respect of each financial year, the Credit Union will allocate surplus funds to the statutory reserve and other reserves in accordance with the provisions of the Credit Union Act, 1997 (as amended) and regulations issued by the Financial Regulator. The board of directors may also decide to hold reserves in excess of minimum statutory requirements, taking prudent account of the scale and complexity of the Credit Union after meeting its reserve requirements. It is the policy of the Credit Union to maintain the undistributed surplus in a general reserve that may be used in future years for the payment of dividends.

1.9 Transfer of Engagements

Transfer of Engagements are accounted for using the acquisition method of accounting. This involves recognising identifiable assets and liabilities of the

acquired Credit Unions at fair value. In applying the acquisition method of accounting for these business combinations, the member interests transferred by St. Patrick’s Credit Union (ESB Staff) Limited represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the Transferor Credit Unions (the fair value of the Transferor Credit Unions) at the date of the transfer, and is reflected as an adjustment in “other reserves”.

1.10 Comparative figures

The comparative figures have been reanalysed where necessary.



# CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 €	2014 €
<b>Opening Cash and Investments</b>	<b>253,015,079</b>	<b>254,246,648</b>
TOE St. Laurence O'Toole Credit Union	1,019,147	-
TOE Pearse Credit Union	2,699,540	-
<b>RECEIPTS</b>		
Members' Shares and Deposits Lodged	62,298,550	56,438,399
Members' Budget	11,587,715	10,976,932
Members' Loans Repaid	22,615,637	22,083,232
Member Loan Interest Received	3,316,840	3,346,194
Deposit and Investment Income	5,017,104	5,732,698
Bad Debts Recovered	64,491	47,496
Other Income	46,518	40,707
Decrease/(Increase) in Prepayments	(45,308)	46,938
<b>TOTAL RECEIPTS</b>	<b>104,901,547</b>	<b>98,712,596</b>
<b>DISBURSEMENTS</b>		
Members' Shares and Deposits Withdrawn	55,811,333	64,665,214
Members' Budget	11,635,393	10,678,472
Members' Loans Granted	25,134,749	18,115,725
Dividends Paid	2,902,056	2,396,708
Operating Expenses	3,603,909	3,413,677
Fixed Assets Purchased	99,595	11,684
Decrease/(Increase) in Other Liabilities and Charges	295,215	662,685
<b>TOTAL DISBURSEMENTS</b>	<b>99,482,250</b>	<b>99,944,165</b>
<b>Closing Cash and Investments</b>	<b>262,153,063</b>	<b>253,015,079</b>



“

I needed a loan to buy a car soon after joining ESBI, that's when I discovered how simple and quick the Credit Union loan process is! Simon and the team looked after me from day one. They have also introduced EFT, online banking and I can't wait to use the APP! I'd say to anyone thinking of taking out a loan, call the Credit Union, it's a no brainer!

Paddy Walsh ESBI

”

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. Transfer of Engagements

On 22 May 2015 St. Patrick’s Credit Union (ESB Staff) Limited (“SPCU”) accepted the Transfer of Engagements of Pearse Credit Union Limited (“PCU”) and St. Laurence O’Toole Credit Union Limited (“SLOTUCU”). The Assets and Liabilities of PCU and SLOTUCU were incorporated into the Balance Sheet of St. Patrick’s Credit Union at this date.

St. Patrick’s Credit Union did not pay any consideration in respect of the Transfer of Engagements. On the date of transfer, the members of the transferor credit unions became members of St. Patrick’s Credit Union, and thereby became entitled to member interest associated with such membership. In applying the acquisition method of accounting for these business combinations, the members interests transferred by St. Patrick’s Credit Union represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member interests in the transferor credit unions (the fair value of the transferor credit unions) at the date of transfer, and is reflected as an adjustment in “realised reserves” in note 7 on page 20.

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

	PCU assets and liabilities prior to transfer	SLOTUCU assets and liabilities prior to transfer	Fair value of assets and liabilities acquired by SPCU
	€	€	€
Cash and Balances at Bank	162,827	213,261	376,088
Deposits and Investments	2,536,713	805,886	3,342,599
Loans to Members	1,317,679	842,957	2,160,636
Provision for Bad and Doubtful Debts	(133,856)	-	(133,856)
Tangible Fixed Assets	385,921	-	385,921
Members Shares	(3,632,121)	(1,553,224)	(5,185,345)
Other Liabilities, Creditors, Accruals and Charges	(636,218)	(306,969)	(943,187)
	945	1,911	2,856

No fair value adjustments arose on transfer as these were processed in the individual standalone Credit Unions prior to the date of transfer.

2. Deposits and Investments

	2015	2014
	€	€
Bank Deposits	135,042,277	158,663,845
Structured Term Deposits	-	2,000,000
Government Bonds	70,294,119	51,436,339
Investment Bonds	50,608,823	36,661,282
	255,945,219	248,761,466

Deposits and Investments are stated in line with the accounting policies as set out on page 14 .

Included in the above figure at 30 September 2015 is an amount of €3,395,278 (30 September 2014: €3,721,428) relating to accrued income on the above Deposits and Investments. The indicative value of the Deposits and Investments as at 30 September 2015 including accrued income is €260,956,822 (30 September 2014: €254,341,196). The value of investments can rise and fall with market conditions.

3. Provision for Bad and Doubtful Debts

	2015	2014
	€	€
Opening Balance at 1 October	3,696,044	3,350,000
Transfer from TOE	133,856	-
Increase in Provision	440,796	346,044
Closing Balance	4,270,696	3,696,044

4. Tangible Fixed Assets

	Premises	Fixtures & Fittings	Office Equipment	Total
	€	€	€	€
Cost				
At 1 October 2014	3,868,954	543,730	532,843	4,945,527
Transfer of Engagements	540,956	42,882	12,320	596,158
Additions	-	8,164	91,431	99,595
At 30 September 2015	4,409,910	594,776	636,594	5,641,280

Depreciation

At 1 October 2014	1,580,756	535,638	476,265	2,592,659
Transfer of Engagements	190,956	14,148	5,133	210,237
Charge for the year	79,713	6,735	37,982	124,430
At 30 September 2015	1,851,425	556,521	519,380	2,927,326

Net book value

At 30 September 2015	2,558,485	38,255	117,214	2,713,954
At 30 September 2014	2,288,198	8,092	56,578	2,352,868

5. Member Shares

The following is an analysis of Member Shares:

	2015	2014
	€	€
Special Shares Accounts	254,752,417	240,741,318
	254,752,417	240,741,318

6. Other Liabilities and Charges

	2015	2014
	€	€
Trade Creditors and Accruals	855,865	403,653
Savings Protection Scheme	1,111,806	936,606
D.I.R.T	-	30,803
Deposit Interest Payable	-	29,226
	1,967,671	1,400,288



7. Reserves

	Balance 01/10/2014	Transfer of Engagements	Dividend Paid	Other Transfers	Allocation of Surplus	Balance 30/09/2015
	€	€	€	€	€	€
<b>Regulatory Reserve</b>						
Statutory Reserve	28,604,024	529,824	-	-	427,582	<b>29,561,430</b>
Additional Regulatory Reserve	4,192,000	127,884	-	-	-	<b>4,319,884</b>
<b>Total Regulatory Reserve</b>	<b>32,796,024</b>	<b>657,708</b>	<b>-</b>	<b>-</b>	<b>427,582</b>	<b>33,881,314</b>
<b>Realised Reserves</b>						
Future Dividend Reserve	1,500,000	-	-	-	-	<b>1,500,000</b>
TOE SLOTCU	-	(451,442)	-	451,442	-	<b>-</b>
TOE PCU	-	(203,410)	-	203,410	-	<b>-</b>
Social Fund Reserve	-	-	-	-	325,520	<b>325,520</b>
Dormant Account Written Off Reserve	-	-	-	4,996	-	<b>4,996</b>
General Reserve	13,567,817	-	(2,902,056)	(654,852)	3,522,716	<b>13,533,625</b>
<b>Total Realised Reserves</b>	<b>15,067,817</b>	<b>(654,852)</b>	<b>(2,902,056)</b>	<b>4,996</b>	<b>3,848,236</b>	<b>15,364,141</b>
<b>Total Reserves</b>	<b>47,863,841</b>	<b>2,856</b>	<b>(2,902,056)</b>	<b>4,996</b>	<b>4,275,818</b>	<b>49,245,455</b>

Statutory Reserve

Under the provisions of the Credit Union Act, 1997 (as amended) at least 10% of each year’s surplus must be transferred to the statutory reserve. Credit unions must ensure that the statutory reserve represents at least 8% of total assets.

Regulatory Reserve

In accordance with regulations issued by the Registrar of Credit Unions under the provision of the Credit Union Act, 1997 (as amended) the amount held in total regulatory reserves of a credit union expressed as a percentage of the total assets must be at least 10%. The total regulatory reserve is comprised of the statutory reserve and where relevant any amount held in a non-distributable additional regulatory reserve account.

Future Dividend Reserve

This reserve is created in line with S.30 of the Credit Union Act, 1997 (as amended) and represents amounts available for the payment of future dividends.

General Reserve

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

8. Related Party Transactions

During the year ended the Credit Union advanced €23,000 (2014: €10,000) in loans to Directors and €184,150 (2014: €Nil) to other Officers. Directors’ and Other Officers balances at 30 September 2015 are as follows: Savings balance €373,352 (2014: €245,325), Loan balance €231,830 (2014: €59,692).

9. Insurance against Fraud

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

10. Rates of Interest Charged on Members’ Loans

The rates of interest charged on Members’ Loans per annum on a reducing balance basis were as follows:

30 September 2015	
Standard Rate Loan	7.99%
One Year Loan	5.90%
Secured Rate Loan	4.25%
Green Loan	5.50%
Education Loan	6.50%
Consolidation Loan	8.50%
Restructure Loan	9.00%
DAS Loan	7.50%
Secured Home Loan	3.50%
Electric Vehicle Loan	5.50%

11. Post Balance Sheet Events

The Credit Union has a significant portfolio of Investments at 30 September 2015. The value of these Investments can rise and fall with market conditions. The current market conditions are volatile and it is reasonable to expect that there has been volatility in the valuations of some investments since 30 September 2015. However, it is not possible to quantify the effect of this volatility. In accordance with FRS 21 “Events After the Balance Sheet Date”, any such effect on the valuation of Investments since the balance sheet date and 3 November 2015 is a non adjusting event and accordingly the financial statements do not reflect any adjustment in respect of same.

In the opinion of the Board of Directors, there are no other events after the Balance Sheet date which require disclosure or adjustment in accordance with FRS 21.

12. Contingent Liabilities

There are no contingent liabilities in existence that would require disclosure under Financial Reporting Standard No.12.

13. Capital Commitments

There were no capital commitments in place at the year end.

14. Pension

	2015 €	2014 €
Pension Contributions	<b>102,546</b>	117,620

15. Proposed Dividend

	%	2015 €	%	2014 €
Gross Dividend on Shares	<b>1.00%</b>	<b>2,484,862</b>	1.20%	2,902,056

16. Interest Rebate

	%	2015 €	%	2014 €
Interest Rebate	<b>10%</b>	<b>348,583</b>	0%	Nil

17. Car Draw

	2015 €	2014 €
Car Draw	<b>80,589</b>	-

The Credit Union operates a car draw for its members. The amount of €80,589 (30 September 2014: €Nil) represents the excess of cash received over cost of prizes as at the balance sheet date. No gain or loss has arisen or will arise, as all funds received will be used to purchase prizes.



# SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The following Schedules do not form part of the Statutory Financial Statements which are the subject of the Independent Auditor's Report on page 9.

## SCHEDULE 1 - OTHER INTEREST INCOME AND SIMILAR INCOME

	2015 €	2014 €
Deposits and Investment Income	5,017,104	5,732,698
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>5,017,104</b>	<b>5,732,698</b>

Other Interest Income and Similar Income consists of interest and net gains for the year and is analysed as follows:

	2015 €	2014 €
Received at the Balance Sheet date	1,621,826	2,500,498
Received within 12 months of the Balance Sheet date	3,395,278	3,232,200
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>5,017,104</b>	<b>5,732,698</b>

## SCHEDULE 2 - OTHER INCOME

	2015 €	2014 €
Bad debts recovered	64,491	47,496
Budget accounts service fees and other income	46,518	40,707
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>111,009</b>	<b>88,203</b>

## SCHEDULE 3 - OTHER MANAGEMENT EXPENSES

	2015 €	2014 €
Training	10,651	7,244
Rates	13,753	15,728
Affiliation fees	51,399	53,486
Savings protection scheme fund	175,200	175,200
Regulatory levies and DGS IBRC deduction	332,245	242,810
Share and loan insurance	399,006	410,701
Death benefit insurance	371,078	309,867
General insurance	50,288	47,985
Post and stationery	66,305	46,191
Printing	8,554	46,013
Marketing and publicity	165,621	159,513
Conference and meeting expenses	95,689	70,525
Repair and maintenance	10,792	18,107
Service to equipment and IT	150,683	126,880
Legal and professional	163,642	280,292
Audit fees	46,125	44,997
Investment costs	59,669	109,443
General & office expenses	51,604	29,904
Loans written off	4,126	48,207
Bank interest and charges	35,878	27,360
<b>TOTAL PER INCOME AND EXPENDITURE ACCOUNT</b>	<b>2,262,308</b>	<b>2,270,453</b>





“

I was delighted when Family Membership was introduced in St. Patrick’s, I want my sons to learn the importance of saving. Later in life they will be able to apply for loans and enjoy all the services a trusted Credit Union like St. Pats have to offer.

Diarmud Kirwan, Wilton

”

# BOARD OVERSIGHT COMMITTEE REPORT 2015



It is my pleasure to present the Board Oversight Committee’s report for the year ended 30th September 2015 to the members of St. Patrick’s Credit Union.

The role and responsibilities of the Board Oversight Committee are laid down in the Credit Union Act, 1997, as amended by the Credit Unions and Co-operation with Overseas Regulators Act, 2012. The Board Oversight Committee is responsible only to the members of the Credit Union, and acts at all times in good faith to safeguard their interests.

The Act stipulates that the Committee shall report to the members at the annual general meeting on whether the board of directors has operated in compliance with its legislative requirements as set out in Part IV and Part IVa of the Act, and regulations made thereunder, as well as any other matters prescribed by the Central Bank.

The Committee is pleased to report its finding that there has been no material deviation by the Board in the discharge of their legal and regulatory obligations.

In exercising its role of overseeing the Board, on behalf of the Members, the Board Oversight Committee undertook the following activities as required by law:

- Met at least monthly throughout the year;
- Attended all Board meetings;
- Met the Board once a quarter;
- Fulfilled all reporting requirements;
- Met with the External Auditor;
- Assessed the performance of the Board and the conduct of Board meetings;
- Assessed the Board’s implementation of the strategy for the Credit Union.

In addition to these legal minimum requirements, the Board Oversight Committee during 2015 undertook, and successfully implemented, a change programme. This included a completely new Terms of Reference, reflecting the 2012 Act. It also included a new methodology and workplan, in which the Board’s requirements are assessed under four categories. The Committee assesses and reports upon one of these categories in each quarter,

such that over the course of the year all of the Board’s requirements in legislation have been considered.

I would like to express my heartfelt appreciation to each of my fellow volunteers on the Board Oversight Committee, Norma Kelleher, John Kelly, Michael McElligott and Sandra Wright, for their dedication, professionalism and good humour in delivering this work, which places the Committee on a strong footing to discharge its role effectively for years to come. As Michael is now stepping down from the Committee, I would like to acknowledge in particular the enthusiasm and fresh thinking that he brought to bear.

I also extend my thanks to the staff of the Credit Union, whose unfailing help and support have been indispensable in carrying out our duties on behalf of the Members, and to the Board of Directors for their continued openness and co-operation.

This has been a year of great change, and I am confident that the changes we have seen during the year will serve to strengthen our Credit Union and enable it to thrive and grow in the years ahead. The greatest strength of this institution is its people, and I believe the staff and volunteers of the Credit Union have the talent, imagination and courage to face the challenges ahead and deliver the best possible outcome for the members.

Dara Connolly  
Chairman, Board Oversight Committee



# AUDIT COMMITTEE REPORT



It is my pleasure to present the report on behalf of the Audit Committee.

The Committee’s principal function is to oversee on behalf of the Board and of our members, the financial reporting process, system of internal control, and all audit related matters of the Credit Union. In particular, this involves:-

- Monitoring the financial reporting process and ensuring that it is robust enough such that the financial statements give a true and fair view of the accounts of the Credit Union;
- Assessing the performance of the internal and external auditors;
- Reviewing reports from the Internal Audit Function assessing the internal controls of the Credit Union;
- Reviewing the Credit Union’s procedures for detecting fraud and money laundering;
- Ensuring arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
- Reviewing the Annual Compliance Statement and determining whether it is made after due and careful enquiry and is fair and reasonable.

### Activities during the past year

#### Financial Reporting

- Reviewed the Credit Union’s half-year results and 2014 Annual Report by considering and challenging, where appropriate, the Credit Union’s accounting policies and key judgement areas;
- Recommended the approval of the half-year results and 2015 Annual Report to the Board.

#### Internal Audit

- Carried out a review of the Internal Audit Committee’s performance and held a review meeting with the lead Internal Auditor;
- Approved the Internal Audit Workplan for 2015; and
- Considered the effectiveness of the Internal Audit function, adequacy of resources, experience and expertise and deemed these to be satisfactory for our current needs.

#### External Audit

- Reviewed the report from Grant Thornton, external auditors regarding their findings in respect of the half-year review and the 2015 audit and a summary of internal control observations;
- Met with external auditors on two occasions during the year to review the auditor’s relationship, objectivity and independence, including one private meeting; and
- External auditors confirmed that internal controls were strong and there were no specific concerns or recommendations they wished to bring to the attention

of the Committee.

#### Review of Audit Committee performance

- Committee considered its performance which was deemed effective.

#### Reporting to Board

- Chairperson of the Committee provided regular updates to Board on the Committee’s activities.

#### Whistleblowing and Fraud

- Approved a revised Whistleblowing Policy taking into account various legislative changes. This Policy outlines the Credit Union’s arrangements for its employees to raise concerns, in confidence, about possible wrong doings in financial reporting or other matters.
- Considered the Credit Union’s procedures for fraud prevention and detection to ensure these arrangements allow for the proportionate and independent investigation of such matters and appropriate follow up action; and deemed the current procedures to be adequate.

#### Committee Meetings

- Met on nine occasions during the year, which included regular meetings with the CEO, Deputy CEO, Risk and Compliance Officers, Internal and External Auditors covering all areas of the Committee’s responsibilities and thereby enabling the Committee to discharge its duties effectively.
- Chairperson of the Committee reported the outcome of its meetings to the Board and provided regular updates on the various areas under review.

#### Conclusion

The Committee is satisfied that its activities during the year supported the delivery of its responsibilities as set out above. In our opinion the financial control environment of the Credit Union is robust, and sufficient personnel with appropriate expertise have been employed to ensure compliance with the Credit Union’s obligation to keep proper books of account, and to provide to members financial statements free from material misstatement.

I would like to express my thanks, on behalf of the Board, to the Audit Committee members who served during the year, Sarah Claxton and Tony Walsh. I’d also like to thank the management of the Credit Union, for their efforts and commitment on behalf of the members in ensuring that St. Patrick’s Credit Union continues to meet its requirements in relation to audit matters, and can provide the highest level of assurance to its members in this regard.

**Stephen Walshe**  
Chairperson, Audit Committee

# RISK AND COMPLIANCE COMMITTEE REPORT



It is my pleasure to present the report on behalf of the Risk and Compliance Committee.

Early in this financial year our Risk Committee was retitled and is now the Risk and Compliance Committee. This step was taken as the Board believes that looking at our risks in an integrated fashion that includes non-compliance with regulations will provide greater protection for the Credit Union and its members.

The principal function of the Committee is to monitor risk and compliance governance and assist the Board of the Credit Union in discharging its responsibilities. In particular, this involves ensuring that:

- risks are properly identified, reported, assessed and controlled;
- strategy is informed by and aligned with our risk appetite;
- policies and related internal controls are in place to manage the risks to which the Credit Union is exposed, and
- we are compliant with all legal and regulatory requirements.

The Risk and Compliance Committee, along with the Board of Directors, recognises the importance of safeguarding the reputation of the Credit Union and protecting member’s funds, in particular ensuring they are not put at risk.

### Activities during the past Year:

#### New Appointments

In a further enhancement of our Risk and Compliance management culture we appointed two new full time separate Risk and Compliance Officers.

#### Risk Management

The Committee, in conjunction with the Risk Officer, conducted a full review of the appropriateness of the Risk Management Framework and recommended a number of key changes in this regard to Board. These changes were agreed by Board and subsequently implemented.

The Committee assisted the Board in setting risk tolerance and ensured that risks were mitigated to a level consistent with the risk tolerance of the Credit Union.

#### Compliance Management

Ongoing assessment of our compliance with all legal and regulatory requirements took place on a risk basis A compliance programme is in place to mitigate any areas of non-compliance.

The Committee is satisfied that no material deviations

from the Credit Union’s risk tolerance, legal and regulatory requirements occurred during the year. This is supported by the Chairman of the Board Oversight Committee in his report in this Annual Report and Accounts 2015. The Board will be providing an Annual Compliance Statement to the Central Bank of Ireland by 30 November 2015 which will state that no material deviations existed as at 30 September 2015 in relation to Part IV and IVa of the Credit Union Act 2012 as amended.

#### Policies

During the year the Committee ensured that policies and related internal controls continued to be in place to manage the risks to which the Credit Union is exposed and to ensure compliance with regulation. Ongoing review and monitoring of adherence to, and effectiveness of, such policies and internal controls also took place.

#### Business Strategies

The business strategies and plans of the Credit Union were assessed from a risk and compliance perspective. In addition, the business strategies were assessed for alignment with the Credit Union’s risk profile and all appropriate regulatory requirements.

#### Committee Meetings

As the Risk and Compliance Frameworks were more firmly embedded in the day to day business of the Credit Union, and supported on a daily basis by both the Risk and Compliance Officers, the Committee reduced its number of meetings to eight in the current financial year. As Committee Chairperson I reported regularly to the Board on the standard of Risk and Compliance within the Credit Union.

#### Conclusion

The Committee promotes a strong risk and compliance culture at all levels within the Credit Union and in this regard works very closely with both the Risk and Compliance Officers.

Finally, I would like to express my thanks, on behalf of the Board, to the Risk and Compliance Committee members who served during the year, Claire Ryan and John McSweeney, and to the Management Team for their efforts and commitment on behalf of the members in ensuring that we continue to meet our governance and regulatory requirements.

**Valerie Little**  
Chairperson, Risk and Compliance Committee



# CREDIT COMMITTEE REPORT



It is my pleasure to report on the activities of the Credit Committee for the year ended 30 September 2015.

The provision of loans to members is a primary service of our Credit Union. All loan applications are individually assessed and whilst every effort is made to approve each application, the process has to ensure that there is no undue risk to the individual borrower or to the Credit Union as a whole.

Activities during the past Year

Loans

- 2,838 loan applications processed during the year compared to 2,404 last year representing an increase of 15%.
- 98.5% of all loan applications were approved of which 4% (115) were not drawn down.
- An analysis of approved loans is as follows:

Home Improvements	26.76%
Vehicle	24.79%
Holiday	21.61%
Personal	16.82%
Miscellaneous	10.02%
- Value of loans approved also increased by 35.64% from €20m (year-end September 30, 2014) to €26.8m (year-end September 30, 2015).

Evaluation of Loan Applications

When evaluating loan applications we are always conscious of the fact that we are lending members’ savings. We are therefore obliged to establish that the member has the ability to repay the loan. There are times when we unfortunately have to refuse a loan and the most common reasons for such an outcome are either a members’ overall indebtedness and/or their inability to repay. It should however be noted that in the last year our Credit Union approved c.98.5% of loan applications which is a tremendous achievement.

Loan categories approved

- Loans for home improvements, with a percentage of 26.76%, represent just over one-quarter of the loans approved during 2015. This was followed closely by car loans and holidays.
- The newly-introduced ‘Your Choice’ and ‘Your Place’ Loans, with a specially reduced variable interest rate of 4.25% per annum, accounted for 5.62% of the portfolio by year end.

New Loan Products

The Board approved four new products during the year:

1. Your Home Secured Loan - A new 10 year Home-loan product at 3.5% fixed aimed at first time buyers
2. New Path – a loan aimed at helping borrowers away from money-lender products. We will be working with

several organisations to promote this new facility to the wider community in the coming year.

3. Your Choice Secured Loan.
4. Your Place Secured Loan.

Both the Your Home and New Path products have just been approved in September so no data is available on these as yet. The Your Choice and Your Place Secured loans have been operational since earlier in the year and are included in the loan categories approved section above.

Transfer of other credit union businesses

- In May, Pearse Street and St. Laurence O’Toole Credit Unions transferred their business to St. Patrick’s Credit Union.
- In light of this, the Credit Committee has reviewed our Credit Policy and Procedures to ensure that all our members are treated fairly.
- We have also worked with senior management to establish a centralised loans team to ensure decisions are consistent across the offices. I am pleased to report that this also reduces the time it now takes to approve and drawdown loans.

Members with financial difficulties

We will continue to evaluate our lending criteria and examine the potential to offer other services that meet our member’s financial needs, such as the financial counselling and budget planning services already in existence.

We would encourage all members to talk to us about their borrowing requirements and/or their financial position if they find themselves in difficulty. We are a credit union for our members and strive at all times to help members with their finances. It is rare that we are unable to help a member sort out their finances provided they are open and forthcoming with their situation.

Review of Committee Performance

The Committee reviewed its own performance for the year against its terms of reference and has deemed this to be effective.

Committee Meetings

The Committee continues to meet weekly and to provide regular updates to Board on its activities.

Finally, I would like to take this opportunity to thank the Management, Loan Officers, Staff and Agents for their help and support throughout the year. I also wish to thank my fellow Committee members Michael Hughes, Hugh Connaughton, Philip Higgins and Eddie McDonnell for their hard work and ongoing assistance.

Alva Sheehy, Chairperson, Credit Committee

# CREDIT CONTROL COMMITTEE REPORT



The role of Credit Control Committee is to ensure the repayment of loans by members of the Credit Union in accordance with their credit agreements and to review and recommend for approval all member loan reschedules.

The Committee has met regularly to review the loan book and members’ repayments. We are grateful to the vast majority of our members who, sometimes in difficult circumstances, have diligently repaid their loans, and have thus made St. Patrick’s Credit Union (ESB Staff) a strong and safe environment in which to access credit.

Committee Objectives during 2015:

As a Credit Union, we have an obligation to our members to ensure that every effort is made to:

- Minimise the level of bad debts at St. Patrick’s Credit Union
- Reduce the risk of loan delinquency
- Make adequate provision for non-performing loans.

Results and Commentary:

Our write-off figure this year is down to €4.1k (from €48.2k) last year. This represents a decrease of c.91%. Bad debt of €64.5k were recovered which compares to a figure of €47.5k last year, representing an increase of c.36% These are deemed to be excellent results.

Our Bad Debt Provisions now stand at 8.74% of our loan book. This is monitored regularly to ensure it adequately provides for possible future impairment. The Insolvency Service of Ireland has seen a “continuing take up of the newly introduced alternative solutions” and this area is one which, although it has had little impact on us to date, we monitor diligently. St. Patrick’s Credit Union believe that the bad debts provisions that we have in place are

adequate to enable us to withstand potential applications submitted for debt settlement arrangements from potential insolvent members.

The Committee exercises a policy of early intervention and we invest a considerable amount of time in communicating with members whose repayments fall into arrears. We are happy that a large majority of cases are resolved following an initial contact from the Credit Control Officer and this success is reflected in the percentage of bad debts decreasing on last year.

The Committee is aware that there are members who may find themselves in difficult financial circumstances from time to time. We therefore encourage any member who either falls behind with their loan payments or encounters any kind of financial difficulties to make contact with the Credit Union Office at an early stage. Our Financial Counselling service which has proved highly effective over the last few years has seen a diminution in demand for its services which is a welcome sign. However, the service is still in existence for our members and again, we would encourage members to simply ask for help if they need it.

In conclusion,

I would like to thank all contributors to the credit, credit control and financial counselling teams who collectively have served to help provide members with a strong and safe credit framework of which we can be proud.

Robert Cooper  
Chairman of Credit Control Committee



# MARKETING & MEMBERSHIP REPORT



The role of the Marketing & Membership Committee in our Credit Union is to utilise all available methods of communication to interact with members regularly and effectively, and determine that an applicant is eligible for membership of the Credit Union.

## Sub-Office Visits

We held 25 sub - offices throughout the year serving over 533 members nationwide. Bringing the Credit Union to our members is an initiative which began in 2012 and the response is so overwhelmingly positive that we will continue to offer this service into the future. We'd like to thank ESB management for facilitating our visits, the members and Agents in every location for engaging with us and we look forward to meeting even more members in 2016.

## Communications

We introduced a junior section to our newsletter this year The Kerb which features two new characters Cash & Dash, brilliantly named by Ciara Ryan of Ardagh. Every quarter they bring news, tips and competitions to our young members. The main body of the Newsletter continues to feature updates on products and services and competitions ensuring members without internet access do not miss out on important information.

## Family Day Out

This year's family event took place at Fota Wildlife Park in August. Such was the demand for places it ran over two days and in total 1,400 people attended. Thanks to the hard work of the Credit Union team who volunteered their services on the day and the staff of Fota, the event was a huge success. Members arrived ready to party and embrace the day and were treated to a magic show by Tony Baloney who had adults and children mesmerised! The disco games and dancing were enjoyed by all and we were blessed with fabulous weather! Members took the opportunity to sign up their families for membership of the Credit Union on the day and we thoroughly enjoyed meeting them all.



## Car Draw

Our Members have been looking for a car draw for quite some time now and we were delighted to have sufficient resources available to launch the Members Car Draw In April. To date we have over 3,200 members signed up meaning we have a draw every two months plus some super bonus cash prizes during the year. Our very first winner, James Hayden of Baldoyle, was presented with his prize of a Nissan Qashqai in August.



## ESB Events

We were delighted to be invited to have a stand at some of the many ESB events which are run throughout the year. It was great to meet so many members and sign up some new recruits at the Sligo Walk, Apprentice of The Year, Suicide Awareness Campaign and Road Safety Strategy Launch. We also provided some back packs and much needed head gear for the brave participants of the Power Challenge! We look forward to attending more events next year.

## Agents

We say it every year but the support and hard work of our Agents is invaluable when it comes to reaching out and communicating with members nationwide. Their enthusiasm and belief in the Credit Union goes a long way to maintaining member loyalty and growing membership numbers so once again a huge thanks to all of our Agents for your help throughout the year and thanks for your hospitality during sub-office visits, the tea and scones were very much appreciated!

## Membership

We currently have 13,732 members, compared to 11,244 last year. This rise is in part a result of the Transfer of Engagement with St. Laurence O'Toole and Pearse Credit Unions but it is also the result of the hard work of the Credit Union staff both here at head office and in the sub office visits. In addition Simon Dunne, Business Development Manager, has been engaging with ESB apprentices over the last few weeks to promote the benefits of being a Credit Union member which has resulted in 95 new members to date.

## Sponsorship

We were approached earlier in the year by Stephen Dunleavy of Sheriff Youth Club FC to sponsor their game against Athlone FC in the FAI Cup. Once we looked at the amazing work they do for the community we were more than happy to offer our support. They won the match after a nail biting replay penalty shoot out and went on to meet Longford Town FC. Although they didn't reach the quarter finals their achievement and the community support they provide in north inner city Dublin is worthy of recognition. Well done to all involved at Sheriff Youth Club!



As you can see 2015 was a busy and exciting year and we expect 2016 will be even more so! We'd like to thank all members for your continued support and look forward to bringing you news of products, services and developments throughout 2016.

Carol McVey & Simon Dunne

“Member participation and communication are the life force of the Marketing Committee. The loyalty and enthusiasm of our members is what drives us to try and deliver the best possible service year on year”



# NOMINATION COMMITTEE REPORT



It is my pleasure to present the report on behalf of the Nomination Committee.

The principal activity of the Committee is to review the balance of the Board and its Committees on a regular basis to ensure that the Board of the Credit Union has the right structure, skills and diversity of experience in place for the effective oversight of its expanding business.

**Activities during past Year:**

**Composition of the Board and its key Committees**

The review of a number of key processes relating to the composition of the Board and its key Committees received considerable attention during the year. Foremost in this regard was our action plan to determine the defined level of business competencies required for Board members and chairs of various Committees as previously outlined in our Annual Report 2014.

In this regard we, supported by independent advice, identified and subsequently implemented six new competency levels for our existing Directors. We also considered the future competency levels required for our Board over the next three years against the background of our strategic plan. Resulting from the comparison between these two sets of competencies we were able to establish a new Board Competency Matrix. This Matrix outlines our competency gaps both at individual Director and overall Board level and will be subject to annual review. It will now be our key reference point in identifying and determining the suitability of any new directors to be proposed to the AGM for election in future years.

**Performance Evaluation**

We also implemented a new programme of annual Directors' performance evaluations. This programme was led by our Chairman and involved:

- the circulation of self-assessment questionnaires to each Director in relation to their current competency levels;
- setting objectives for the Board as a whole and individual Directors for the year ahead; and
- one to one discussions between the Chairman and each Director to arrive at agreed ratings on the Director's competency levels as well as an individually tailored training programme and overall objectives for year ahead;

The Evaluations concluded that each individual Director continues to make a valuable contribution to the Credit Union, continues to be effective and demonstrates continuing commitment to the role.

**Succession Planning**

The Nominations Committee carried out a full review of

our Board Succession Planning Framework and made a number of revisions and additions thereto.

**Board Performance Evaluation**

A formal process was put in place for the annual evaluation of the Board's own performance with an externally facilitated review to be conducted every third year. The objective of these evaluations is to review past performance with the aim of identifying any opportunities for improvement, determining whether the Board as a whole is effective in discharging its responsibilities and, in the case of individual directors, to ascertain whether each Director continues to contribute effectively and to demonstrate commitment to the role.

**Election**

Our Board is currently constituted with 9 Directors. One Director has indicated that they will not be seeking re-election and the Nominations Committee has identified an appropriate candidate who meets the Fitness and Probity requirement of the Central Bank of Ireland, our own competency requirements and is willing to be nominated for election. Full details of the elections and the nominations will be provided to the members at the AGM.

**Volunteering for the Credit Union**

We actively encourage members who have expertise and experience in any relevant area to consider putting themselves forward for election as either a Director, a member of the Board Oversight Committee or as a Volunteer Committee member. Key areas of expertise required include Marketing, Governance, Risk and Finance and I would encourage anyone thinking of volunteering to contact the Credit Union, either through individual Directors or management, for a confidential discussion around the competency requirements for the role.

**Committee Meetings**

The Committee met on eight occasions during the past year. As Committee Chairperson I reported regularly to the Board on the activities of the Nominations Committee.

**Conclusion**

I would like to express my thanks on behalf of the Board to the Nomination Committee members who served during the year, George O'Driscoll and Sarah Claxton, and to the Management Team for their efforts and commitment on behalf of the members in ensuring that we continue to meet our governance requirements.

**Valerie Little**  
Chairperson, Nomination Committee

# FAMILY FUN AT FOTA !





# INTRODUCING YOUR LOCAL AGENT

Our Agents provide invaluable support nationwide ensuring our members have local, onsite assistance on any matter relating to the Credit Union.

Location	Name	Location	Name
Aghada	Terence Ryan	Galway	Gerry Lydon
Ardnacrusha	Anne Reynolds	Great Island	Tommy Thompson
Athlone	Mary Hoare	Kilkenny	Larry Walsh
Ballina	Mary Flynn	Killarney	Mary Scully
Ballyshannon	Thomas Gaughan	Lanesboro/Lough Ree Power	Seamus Finn
Carrick on Shannon	Gile Maclochlainn	Letterkenny	Sandra Connolly
Castlebar	Padraig Mylett	Limerick (Rosbrien)	Noreen O'Brien
Cavan	Siobhan Mannering	Longford	Ursula Moylan
Cork (Wilton)		Moneypoint Station	Geraldine Carmody
Networks	Tim Keating	Mullingar	Ailish Brennan
NCCC	Siobhan Moynihan	Nenagh/Roscrea	Mike Manning
Clonmel	Denis McGrath	Newcastlewest	Sean Kelly
Ennis	Geraldine Feighery	Portlaoise	Dominic Hartnett
Dublin:		Sligo	Sandra Carney
Finglas	Jacqui Cummins	Tarbert	Gene McCarthy
Inchicore	Heidi Lynch	Tipperary	Noreen Kinnane
Leopardstown Road	Riognagh Buckley	Tralee	Keith McCarthy
Santry, Electric Ireland	Louise Rooney	Tullamore	Danny McConville
	Aileen Leddy		
South Lotts Road	Liz Haughton		
Stephen Court, ESBI	Ciara Dolan		
Dundalk (Avenue Road)	Colin McMahon	West Offaly Power	James Farrell
Dunmanway	Norma O'Brien	Waterford	Billy Hearne
Enniscorthy	John Harpur	Retired Staff	Anthony Collins
			Joe Kavanagh



# STANDING ORDERS FOR THE ANNUAL GENERAL MEETING

- 1. VOTING**

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended).
- 2 - 3 ELECTION PROCEDURE**

2. Elections to the board of directors, to the board oversight committee and the position of auditor shall be by majority vote and by secret ballot.

3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order: (a) nominations for auditor; (b) nominations for members of the board oversight committee; (c) nominations for directors. When voting is completed, the votes shall be taken and tallied by the tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.
- 4 - 9 MOTIONS**

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.

5. A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.

6. In exercising his/her right of reply, a proposer may not introduce new material.

7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.

8. Members are entitled to speak on any such motion and must do so through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.

9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed
- and may put the motion to the meeting giving the proposer the right of reply before doing so.
- 10 - 15 MISCELLANEOUS**

10. The chair of the board of directors shall be the chair of any general meeting, except where he/she is not available, in which case it shall be the vice-chair, except where he/she is not available, in which case the board shall decide amongst themselves who shall act as chair of any general meeting.

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

12. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.

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

14. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.

15. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.
- 16. SUSPENSION OF STANDING ORDERS**

Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.
- 17. ALTERATION OF STANDING ORDERS**

Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.
- 18. ADJOURNMENTS**

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

## CREDIT UNION RESOLUTIONS

### Transfer of Engagements

This AGM approves the Board to make decisions in relation to the transfer of engagements from East Wall Credit Union Limited and Indo Group Credit Union Limited and Ringsend & District Credit Union Limited to St Patrick's Credit Union (ESB Staff) Ltd. subject to all relevant due diligence being completed and the Board being satisfied with the results of same.

Please note that the transfer of engagements are subject to Central Bank of Ireland approval.

### Creation of a Social Fund

In accordance with the Rules of St Patrick's Credit Union (ESB) Staff Ltd, the Board of Directors have proposed that this AGM agrees to create a social fund

and

agrees to transfer the maximum allowable contribution (e.g. 2.5% of general reserves excluding statutory reserves plus 0.5% of the surplus funds at year-end)

and

thereafter, the Board may provide, in line with the Rules, a maximum annual contribution of up to 0.5% of the surplus funds at year-end to the social fund as it deems prudent.

## 53RD ANNUAL GENERAL MEETING

**Date:** Friday 27th November 2015

**Time:** Commencing at 5.30 pm

**Venue:** The Aviva Stadium  
Lansdowne Road  
Ballsbridge  
Dublin 4

### Elections

Pursuant to rules 136 and 137 the Board of Directors has appointed a Nomination Committee to ensure at least one candidate for each vacancy for which an election is being held.

### Vacancies

Board of Directors – 3  
Board Oversight Committee – 2

For future reference, any member who wishes to put themselves forward for election as either a Director or member of the Board Oversight Committee, please contact the Chair of the Nomination Committee or the Credit Union office.

### Agenda

1. Invocation
2. The acceptance by the Board of Directors of the authorised representatives of members that are not natural persons
3. Ascertainment of a quorum
4. Adoption of standing orders
5. Appointment of tellers
6. Minutes of AGM 2014
7. Report of Directors
8. Financial Report, Auditors Report and Declaration of Dividend
9. Strategy Presentation & Credit Union Resolutions
10. Vote on Credit Union Resolutions
11. Report of Nomination Committee
12. Elections – Auditor, Board Oversight Committee, Directors
13. Report of Board Oversight Committee
14. Report of Audit Committee
15. Report of Risk Committee
16. Report of Credit Committee
17. Report of Credit Control Committee
18. Report of Membership Committee
19. Election results
20. Other business
21. Close of meeting

The Standard Rules for Credit Unions can be inspected in the office of the Credit Union during opening hours, Monday – Friday, 8.30am – 4.45 pm and will be available for inspection at the meeting.







**St. Patrick's Credit Union (ESB Staff) Ltd.  
27-28 Herbert Place, Dublin 2**

Also at Pearse Credit Union Ltd., 22 Upper Erne Street, Dublin 2 and  
St. Laurence O'Toole Credit Union Ltd., 1a Upper Oriel Street, Dublin 1  
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