

Minutes of Core Credit Union Annual General Meeting, 2nd March 2021

Virtual - Zoom platform

Board present: Elizabeth Harpur, Chair, Elaine Hughes; Vice Chair, John O'Reilly; Secretary, Alan Guerins, Mary O'Riordan, Paul O'Toole, Susan Bermingham, Michael Thomas, Edel Churchill, Annmarie Murtagh, Janie Lazar.

BOC present: Lia Downer. Siobhan Harding. Pat McAuliffe.

Chair discussed three types of users:

Hosts: Background operators

Panel: Includes Directors, Management team and Auditor, Denise O'Connell.

Attendee: All others present

The Chair called the meeting to order stating the board's acceptance of the authorised representatives of Members that are not natural persons and ascertained that a quorum was present there being 75 attendee's logged in. (Total 150 members registered)

Chair discussed some technical considerations for meeting.

Declaration of Conflicts: None

1 Adoption of standing orders: (Page 4 of our annual report)

The standing orders are issued by the Irish League of Credit Unions and reflect changes required for electronic voting this year as required under the Finance (Miscellaneous Provisions) Act 2020.

Proposed: Elizabeth Harpur

Seconded: Paul Roche (A/c 3149)

No objectors - Poll to approve Standing Orders: 96% Approval.

2 Approval of Minutes of AGM 2019:

Minutes were emailed to all registered attendees in advance of meeting

Proposed: John O'Reilly

Seconded: Christina Natasha Murphy Browne

Poll to approve Minutes of AGM: Approved by 75%

Corrections:

Michael Rigney - Item 11, 3 candidates for election to the Board Oversight Committee, one named person; Eamon Delaney and the other 2 not named. Please provide the names of the other two.

Michael Rigney - Under the heading of Present staff 5 listed but on report of CEO it states that staffing levels have reduced from 47 to 39 which will reduce costs by approximately 12%. Please clarify.

Jean O'Hara - In relation to a question about bad debt recovery, credit committee should read credit control committee.

Comments/Question below DURING AGM MINUTES APPROVAL:

Hugh Maguire: Comment: A proposal was put to the floor that no changes to insurance should go ahead until members meeting held to discuss options. This was proposed by Jean O'Hara and seconded by Jeanette Plunket. The Credit union have played no attention to this and as a consequence Core Credit union could possibly be disaffiliated by Irish League of Credit Unions.

Response: Chair: We have dealt with the SGM and will not be going over questions relating to that again. It is a decision of the board. We are working with the Irish League of Credit Unions and will not be revisiting that this evening.

William Sullivan: A/c 40990 Question regarding any decisions made at today's meeting will they be only acknowledged and operated by board if they approve or will they do as last year where wishes of the members was ignored in relation to the meeting about insurance. Wishes of members were to have a special meeting to discuss options regarding insurance. A meeting in Killiney Castle was to launch the new system. There was no discussion whether it was appropriate to change the insurance.

Response: John O'Reilly: There was a pandemic at the time and we were restricted to who could attend.

William Sullivan: Then the decision should have been postponed until meeting could be held.

Garry Kelly: Comment: In relation to last year's minutes, there was a discussion on selling Dunlaoghaire/Glasthule building which should be amended as it was omitted by the board/CEO to inform members that on sale of the building a certain portion of sale price would have to go back to the Irish Credit League. There is no provision for this in the annual report.

Response: John O'Reilly: It has been spoken about and well circulated about what the plans were.

Garry Kelly on point of order, through the chair, John O'Reilly was not at the last AGM.

3 Approval of Minutes of SGM 26th February 2021.

Minutes were emailed to all registered attendees in advance of meeting

Proposed: John O'Reilly

Seconded: M. Lee A/c60767

Poll to approve SGM Minutes: 75% Approved.

Corrections:

Mr. Patrick Fitzgerald - error in name from Patrick Fitzpatrick; correct to Fitzgerald.

Mr. Brian Brady – Asked for explanation of Ascertainment of Quorum stating 236 attendees logged in [max logged in 280]. (Total 378 registered)

Response: 280 is the maximum number of members who logged in at different times of the meeting.

Hugh Maguire – Please advise why the minutes of meeting cannot be printed. Advised there is a restriction on printing?

Response: Chair: This is for security reasons.

4 Chairperson's Report 2020 (Annual Report P's 9-11)

Elizabeth Harpur, Chair presented her report as per pages 9 – 11 in the Annual report. The key points included:

- Chair began by offering sincere condolences to the families and friends who have lost loved ones during this pandemic and to our Members who have battled and maybe still battling the virus.
- Core Credit Union initiated a service to provide funds to vulnerable cocooning Members with the support of local Gardaí. We also provided payment breaks and financial advice assistance to Members directly impacted by Covid-19.
- The ongoing growth in Members deposits generates unwarranted penalties. All excess funds need to be invested at very low or negative interest rates. As a consequence, your Credit Union is being levied for having these funds on deposit, thereby increasing our costs and reducing our surplus.
- Further reduction to the Savings Cap to €20,000 per member and declare no dividend.
- For the 6th time Credit Unions have been recognised as the most highly reputable organisation in Ireland, serving over 3.6 million Members nationwide.
- Core Credit Union Mastercard debit card which comes with your current account offers a range of useful benefits. Such as, accessing your account online or in person, arranging overdrafts, standing orders and direct debits.
- We held a socially distanced public meeting in Fitzpatrick's Castle Hotel to inform Members of our new insurance products which we have since launched. Our new range of member insurances includes Loan Protection, Life Savings and Member Death Benefit Indemnity, all of which will replace our existing insurance schemes.
- It has been an honour and a privilege to chair the Credit Union for the past three years. I will be stepping down as Chair at our AGM. Alan Guerins will be taking over

as your next Chair and Alan has been approved by the Central bank. I wish Alan the very best. I wish to pay tribute to my fellow directors for their hard work and support, particularly to our Vice-Chair Elaine Hughes who took the helm during my recent illness. I also wish to thank Board Oversight Committee Members, Members, volunteers, management and staff for their continued support and commitment throughout this most difficult year. Together, we are the Credit Union.

5 CEO's Report (Annual Report P12&13)

Michael Byrne, CEO presented his report as per pages 12 – 13 in the Annual report.

Key issues included:

The report of the Credit Committee, presented by Amanda Dillion.

- At the end of September, we had 7,200 loans outstanding which is a reduction of almost 1,000 loans on the prior year.
- Home Improvement loans are on the larger side between 50k and 75k
- In 2020, 95% of mortgage enquires converted to applications.
- In 2020 two thirds of the loans we issue are for less than €2,000

The report of the Credit Control Committee, presented by Clare McCann.

- New measures introduced as temporary arrangements breaks, by way of: Moratorium's, interest only, or part interest part capital repayment options.
- A reduction in the number and amounts of loans in arrears again this year.
- To remind members that the Central Credit Register will hold information on loan repayments for 5 years after the loan has been repaid.
- We would urge our members who find themselves in financial difficulties to contact us immediately

The report of the Membership Committee, presented by Jennifer Bowe.

- This year, members opened a total of 1,409 accounts with Core Credit Union (2019-1,856). 948 (67%) of these were under the age of 35.
- 15% of new members joined up online
- Positive growth in new members joining specifically to avail of our new Current Accounts. We also have Google Pay and Fitbit Pay and hope to have Apple Pay in the future.
- A new app called Core Credit Union with the same functionality as the website
- We have 17 participating primary schools involved in our Schools Savings Scheme and over 900 children involved
- To work with Transition Year Students in Secondary schools for a team of students to set up and manage a Credit Union in school
- Payroll Deduction Service allowing employers to have payments deducted straight from the wages of an employee into their Core Credit Union Account.

The Finance report, presented by Paul Maher.

- Covid-19 had a hugely negative impact on the financial results of the credit union for the year ended 30th September 2020. On a macro-economic level consumer demand was suppressed by various lockdowns and resulted in record levels of household savings. These macro trends are mirrored in the financial performance of the credit union with a declining loan book and increased share balances weighing heavily.
- Reduced loan demand combined with high levels of loan repayments are reflected in a declining loan book and increased pressure on loan interest income. New loans issued declined by €6.7m, down almost a quarter on the previous year. The loan book declined by €2.2m, a fall of 4.6%.
- Member Share balances increased by €14.8m, growing 12.4%, in the year. This huge growth, primarily due to a collapse in share withdrawals, increased pressure on the reserves ratio which fell to 11.92% from 13.24%. This growth also led to increased bank and investment account balances and a higher total assets position. Short term deposits now attract negative interest rates of up to minus 0.75% which is a further cost for the credit union. In addition, we must maintain a minimum level of reserves which is 10% of assets. The introduction of a lower savings cap will address the decline in the reserves ratio.
- Total Income was up €71k. Loan interest income was flat however investment income performed strongly. Going forward, investment income will decline as long-term investments mature into a low interest rate environment and are rolled over at significantly lower rates.
- Total Expenses increased by €660k with an increase in Bad Debt provisioning accounting for almost half of this. Salaries remain our highest cost followed by free insurance offerings and these together accounted for 53% of total expenses. A reduction in head count through natural attrition will reduce employment costs going forward. Steps have also been taken to lower the cost of free insurance offerings which at almost €1m per annum is unsustainable going forward. Work continues to deliver property related savings.
- Despite all the challenges outlined above, a small surplus of €2,541 was recorded for the year.

Michael Byrne:

We have experienced a challenging year.

Low and negative interest rates combined with a significant fall in demand in our loans is having significant impact on our income.

The low interest rate environment alone is costing the Core Credit Union €2 million per annum and this will increase in the coming years.

We are working very hard to address these challenges and working hard to minimise the impact of these challenges by expanding our products and services to ensure we appeal to the needs of our membership.

Members can now enjoy access to their credit union both physically and digitally. This has allowed us to serve our members safely and without interruption during the pandemic.

Each month we see an increase in digital interaction and in recent months 60% of our loans are approved through our digital channels and support office.

Our Current Account offers both tremendous value for money and all the features you would expect from a Fintech company where members use Google Pay to make payments on their phone daily in addition to the more traditional physical debit card.

Our Peopl. Insurance brand offers Home Insurance, Life Insurance and Travel Insurance born out of a simple belief that insurance should work in favour of those it's supposed to serve.

Both aforementioned, while only in their infancy help generate additional income for the Credit Union.

We would encourage all our members to use these services in the knowledge that any surplus generated goes towards strengthening our reserves first and then, when reserves requirements are met by way of dividend or rebate to our members.

Significant cost cutting measures have been implemented in the past 24 months. We are engaged in a programme of right-sizing our property footprint, our number of employees have been reduced, and we have restructured our member benefits programme.

By continuing to take these proactive steps of introducing new products and services and reducing our costs we will weather the current challenges.

However, we must, remain resolute, and unfortunately the impact of the next twelve months could mean that we will need to achieve further cost reductions which will impact members.

I would like to thank members for their continued support during the year and also for embracing the public health measures when in our offices. This helps to protect each other and our families.

I cannot finish off without expressing my thanks to our employees who continue to put our members first.

The level of positive feedback we receive from members wishing to thank our staff for going above and beyond what is expected is heartwarming.

As members you are very fortunate to have a very strong Board, Board Oversight and volunteers who give freely of their time to serve their community and ensure the ethos and ideals of the Credit Union is first and foremost.

Chair proposes these reports and opens the floor for questions.

Will McKeon:

What additional property was purchased for €228,864 (note 10, pg 35) shown in the tangible assets?

Answered by Michael Byrne.

Chair: Any members who have been in Dún Laoghaire in recent months will have seen the works that are taking place on the old Easons shop opposite the Ulster Bank. We were very fortunate to acquire a building in such a prominent location. As per our property strategy we are trying to 'right-size' our offices and only need the ground floor of the building.

- I am delighted to announce tonight that we have entered into an agreement with Tuath Housing for the sale of the three overhead apartments which will be used to provide much needed social housing in the area.
 - Not only this, I can also share that we are in advanced discussions for the sale of Sussex Street, Monkstown Farm and Shankill Car Park for social housing. Subject to planning permission, these three locations should provide 25 much needed social housing homes to our community.
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Will McKeown:

What, if any steps have been taken to curtail the cost of Computer Maintenance as they appear as € 379,507 in 2020 an increase over the 2019 figure.

Answered by Michael Byrne, CEO:

Patrick Fitzgerald on wages:

Please itemise Employment costs incurred in 2020. Do these costs include the key executive's salaries? Please itemise the additional short term benefits paid to key executives in 2020. How many key executives are there?

Answered by Michael Byrne, CEO

Jean O'Hara:

It seems only 570 Current A/c's have been opened. How many must be opened for this service to be viable? If you don't achieve the optimum number what action/s will Board take?

Response: Current accounts have been demonstrated in other Credit Union movements as being an essential service for the long term viability of credit unions. We are therefore confident that this will also be the case in Core and the other 40 Credit Unions who are currently delivering current accounts. Our original business case to ensure we recovered our investment was for 3,000 current accounts. With recent developments in the banking sector, we are confident that we will get to the 3,000 in a reasonable timeframe.

Jean O'Hara: What is included in Legal Fees and to whom were they paid?

Response: Legal fees of €171,740 include:

- Debt collection costs €55,000

- Central Credit Register and Irish Credit Bureau costs of €44,000
 - Property related costs of €26,000
 - Internal Audit costs of €12,500
 - Conveyancing of €10,900 on mortgages issued
 - The rest cover a range of operational legal & professional expenses.
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Jean O'Hara: How many loans to related parties are in provision? What has created the large increase in the amount of these loans in the past year?

Response: No loans to related parties are in arrears or provision and the increase is down to related parties choosing to borrow from the Credit Union.

Siobhan Hackett A/c 16349: Core has not reached half their annual target for current accounts. Does the board recognise the importance for a fully functional user-friendly app for their members and without such how do the board aim to attract younger members?

Response: Chair: The take up is lower as are our new members and we hope to increase numbers over the next couple of years. We now have Google pay and will have Apple pay very shortly.

Michelle Oppermann: Should you consider a pay freeze of senior management team until the crisis has been averted? Should you undertake examinations on positions within the management with a view to seeing if any could be outsourced at a reduced cost?

Response: Chair: The CEO took a voluntary pay cut at the beginning of the pandemic. We are continually looking at how best to make savings. At the moment every one of the positions is necessary.

Deirdre Gordon: Highlighting there are volunteers available to share their knowledge and do the work for the credit union.

Response: Chair thanked member for comments. We have to strike a balance with Central Bank requirements and voluntary approach. We appreciate every one of our volunteers and urge anyone to come forward.

Chair asked for raise of hands to second Credit, Credit Control, Membership and Finance reports:

Proposed: Chairperson, Elizabeth Harpur

Seconded: Mr. Seamus O'Neill

Denise O'Connell FCA for the auditors Grant Thornton presented her report and the accounts to the members. She thanked the board and staff for facilitating and enabling them to carry out their statutory duties and to the members for their continued support of their credit union.

Proposed: Chairperson, Elizabeth Harpur

Seconded: Alan Guerins

Questions:

Brian Brady: To the Auditors; concerned at the low level of return of less than €3,000 on turnover in excess of millions and the statement 'recognise we are a going concern'; please address.

Response Auditor: Going concern assessed from 12months from date of signing of accounts. Assessed in conjunction with financial projections of the credit union which are stress tested which supports the going concern basis of the auditors.

Jean O'Hara: Stated there is no impairment on related party loans, Pg40 shows 14,130

Response Auditor: Provision recognising inherent loss associated with all type of loans and on the basis of prudence this figure has been allocated against related party loans, routine in inherent loss in any loan book.

Jean O'Hara: Re length of time for signing contracts on buildings. What financial benefits will come from those stated this evening?

Response: Chair: It takes time to bring property proposals to fruition.

William O'Sullivan question on consistency of dealing with property. Sussex Street transferred as investment but now also Carrickbrennan and Shankill or part thereof are up for sale. Why they are not transferred to investment account?

Response: Denise O'Connell: Any active properties available for sale as of 30th September 2020 were recorded. Events after this form part of the 2021 financials.

Board Oversight Committee Report (Annual Report P. 20)

Pat McAuliffe read the report and stated the Board Oversight Committee is satisfied that all duties and responsibilities were carried out in accordance with the rules and regulations as set down by the Act. We are satisfied that the Board of Directors has complied and operated in accordance with Part 4 and Part 4a of the Act.

Declaration of Dividend

The Chair declared that there would be no dividend or interest rebate this year.

Report of the Risk, Compliance & Audit Committee

Elaine Hughes presented the Risk, Audit and Compliance Report. In the past year the Committee:

- Oversaw the implementation of the Credit Union Risk, Compliance and Internal Audit plans;
- Reviewed reports from risk, compliance and internal audit functions and oversaw the implementation of recommendations therein;
- Reviewed the Risk Register and Risk Management system;
- Reviewed the performance and effectiveness of the risk and compliance functions
- Reviewed the performance and effectiveness of the Internal Audit function;
- Monitored and reviewed the impact of external factors on the Credit Union such as COVID-19 and Brexit; and
- Monitored and reviewed the implementation of the Credit Union Business Continuity Plans from a governance and operational perspective in response to COVID-19 restrictions.
- Over the past year the Risk, Compliance and Audit Committee has continued the improvement of controls based on recommendations of the Central Bank of Ireland, our internal auditors Moore and our external auditors Grant Thornton.

Insurance Report

Paul Maher presented the Insurance Report.

The claims history processed during the year are as follows:

- 49 loan Protection Insurance claims totalling €173,682.
- 143 Life Savings Insurance claims totalling €291,197.
- 120 Death Benefit Insurance claims totalling €157,300.

The value of total claims received was €622,179 and the total Premiums paid was €974,597, leaving an excess of Premiums over Claims of €352,418.

Nominations Committee Report / Notice of Elections (Page 16 & 17)

Alan Guerins presented the Nominations Committee Report and Notice of Elections

There were seven candidates for election to the Board of Directors:

Annmarie Murtagh, Michael Thomas, Paula O'Toole, Alan Guerins, Susan Bermingham, Janie Lazar and Edel Churchill

There were two candidates for Election to the Board Oversight Committee:

Pat McAuliffe and Siobhan Harding

Voting was conducted using mi-voice.com. Tony Slater from mi-voice, will act as teller.

Chair announced elections as follows:

Position of Auditor: Grant Thornton are re-elected
Board Oversight committee (2): Siobhán Harding and Pat McAuliffe elected
Board of Directors (7): As above, all candidates elected

Questions:

Jean O'Hara: Concerned for high number of vacancies this year and is there any reason?
Alan Guerins: 7 directors resigned at different times for various reasons and had to be replaced.
Each director has signed a declaration of secrecy and fidelity

- **Motions**

Motion 1

"That this annual general meeting approves the deduction of an affiliation fee of €1.48 per adult member"

Proposed: Chairperson, Elizabeth Harpur
Seconded: Clifford Kirker

Voting: Motion is carried

Questions:

Paul Roche: The affiliation fee is paid to the Irish League of Credit unions for our membership, isn't there a possibility that we will no longer be members if we take out the insurance voted on?

Response; Chair: That is not the case right now. We are engaging with the Irish league of credit unions and we will let you know if any further developments.

Motion 2

That this annual general meeting amends Rule 64(2) to read as follows:

"At the time of the adoption of these rules, the board of directors shall consist of nine members, all of who shall be members of the credit union

Proposed: Vice Chair, Elaine Hughes
Seconded: Marta Wojciechowska

Voting: Motion is carried

Question: Brian Brady: Should the motion be passed? Will the election of the seven people exceed the approved motion should it be approved?

Response: Michael Byrne: The rule will take several months to be approved by Central bank. We will have full complement of directors during that period and once approved, two directors will step down.

Attendees Prize Draw:

Prize draw winners drawn randomly by MI-Voice from members present at the AGM at 19:15

Question: What is the relationship between Core Credit Union and Peopl Insurance? Has Core Credit union invested Peopl Insurance and if so how much?

Response: Michael Byrne: There is no relationship with Core Credit Union and Peopl Insurance. Peopl Insurance is part of a credit union insurance company set up to work with credit unions through the Cuda solutions centre. We are part of a group of credit unions working on this together and we have put in €50,000 for marketing costs.

The meeting was closed at 20:50 and the Chair thanked everyone for their attendance.