



MALAHIDE
CREDIT UNION

Together We're Stronger



2017

ANNUAL REPORT



4 Main Street, Malahide, Co. Dublin
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29th January 2018
7.30pm
The Grand Hotel



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MISSION STATEMENT

“Our mission is to fulfil the financial needs of our members, through excellent service, based on mutual trust and integrity”

NOTICE OF ANNUAL GENERAL MEETING

Dear Member

Notice is hereby given that the Annual General Meeting of Malahide & District Credit Union Limited will take place on 29th January 2018 at 7.30pm in the Grand Hotel, Malahide.

Elections will be held to fill three vacancies on the Board of Directors, two positions on the Board Oversight Committee and the position of auditor.

In keeping with tradition as part of the night, we will be holding our annual raffle. We will have a free prize draw for all members who attend the AGM.

Sheilagh McGirl
Secretary

Order of Business

1. Ascertainment that a Quorum is present
2. Adoption of Standing Orders
3. Reading and approval (or correction) of minutes of last Annual General Meeting
4. Report of the Board of Directors
5. Presentation of Financial Statements
6. Report of the Auditor
7. Declaration of Dividend
8. Motions
9. Report of the Board Oversight Committee
10. Committee Reports
11. Report of the Nomination Committee
12. Appointment of Tellers
13. Balloting
14. Presentations & Prize Draw
15. Any Other Business
16. Announcement of Election Results
17. Adjournment or Close of Meeting

Directors and Other Information

Directors

Donal Murphy (Chairperson)
John O' Halloran (Vice-chairperson)
Sheilagh McGirl (Secretary)
Bryan O' Flaherty
Martin Sisk
Ciaran Lynam
Michael Dowling
Stephen MacDonagh
Mary Gleeson
Geraldine Fay
Claire Dowdall

Board Oversight Committee

Eileen Mooney (Chairperson)
Catherine Leahy
Liz O' Connor (Resigned March 2017)
Claudia Lupo (Co-opted March 2017)

Manager

Vivienne Keavey

Internal Auditor

Moore Stephens

Registered Number

268CU

Registered Office

4 Main Street,
Malahide,
Co. Dublin.

Bankers

Bank of Ireland
The Mall,
Malahide,
Co. Dublin.

Solicitors

Devaney & Partners
Main Street,
Malahide,
Co. Dublin

Independent Auditor

FMB Advisory Limited
4 Ormond Quay Upper,
Dublin 7

Notice of Motions

It is proposed that:

1. The affiliation fee to the Irish League of Credit Unions (ILCU) for the year ended 30th September 2017 will be €1.50 per adult member, to be deducted from member's shares.
2. The contribution to the ILCU International Development Trust Fund for the year ended 30th September 2017 will be €2.00 per adult member, to be deducted from member's shares.
3. From 2018 onwards, Malahide Credit Union sends the following communications to Members electronically, where an individual Member has consented to receiving communications electronically;
 - Notice of Annual General Meeting and the Annual Report
 - Notice of a Special General Meeting
 - Statements for Members pursuant to Section 130 of the Credit Union Act 1997 (as amended)
 - Any such other Notice, Statement, Documentation or Communication where the Board of Directors believe electronic delivery to be expedient.

2017
A year of
progress and
growth

STANDING ORDERS

Reference: Recommendation 41 (b) of the Planning Committee;

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. The first highest polling candidate shall serve a three year term, the second highest polling candidate will serve a two year term and the third highest polling candidate will serve a one year term.

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).

Report of the Nomination Committee

Elections will be held to fill three vacancies on the Board of Directors, two vacancies on the Board Oversight Committee and the position of Auditor.

During the course of the year, the Nomination Committee identified candidates to stand for the above positions and they have been assessed under the fitness and probity regime, as required by the Central Bank, with satisfactory results. The names of such candidates appear on the ballot paper for this AGM.

During the year Board Oversight Committee member Liz O'Connor informed the board that, due to pressure of work, she could no longer give the board her full commitment and thus tendered her resignation. The Board thanks Liz for her contribution. Ms. Claudia Lupo was co-opted to the Board in her stead.

All members are entitled to put themselves forward for nomination to the Board/Board Oversight Committee for future years. Expressions of interest can be submitted in writing to 'The Nomination Committee, Malahide Credit Union, 4 Main Street, Malahide, Co. Dublin'. As Board positions are controlled functions under the Central Bank's Fitness and Probity regulations, the Nomination Committee must undertake due diligence on all applicants.

There is one candidate proposed by the Board of Directors for the position of Auditor.

- FMB, Chartered Accountants

Stephen MacDonagh
Chairman

Message from our Chairman



My term as Chairman of your credit union has sadly come to an end. It has been an honour and privilege to serve you in this capacity for the last four years. This would not have been possible without the invaluable contributions of our many volunteers, the Board of Directors, the Board Oversight Committee, other committees and of course our staff. The prosperity and survival of our Credit Union was and is as a result of these people whose time, dedication and expertise has enabled Malahide Credit Union to remain relevant for you the members.

Our financial year to September 2017 was extremely successful notwithstanding the challenges we faced, in particular the very low returns we currently receive on our investments. Yet again we had to reluctantly implement restrictions on savings in order to limit the inflow of substantial funds from members. This was required so that our mandatory capital ratio could be protected. We are again proposing a low dividend this year in line with our strategic plan; our rate is comparable to or slightly better than the local financial institutions. We have launched new products and services in 2017, for example our new Home Renovation Loan, in order to boost lending. This has proved successful, with loans increasing for the third year running, up by approx. €1 million to €5.9 million. Having out-performed our projections for loans we will again set stretched targets for 2018 and beyond in order to continue to offset our low investment yields. My annual appeal is that you and your families and friends think of the Credit Union for your financial needs whether it is for cars, holidays, home renovation and improvement loans, college expenses, etc.

In order to provide the best possible service to our members we have endeavoured to provide a comprehensive suite of products at competitive rates and on the terms and conditions that balance the needs of borrowers with the protection of members' funds. We are open for your business with superb staff that provide you with professional advice in a friendly atmosphere. Our terms and conditions have been designed to protect members savings with prudent lending policies that enable borrowers obtain loans that they can and will repay. Our Credit Control process is extremely robust in ensuring loan defaults are pursued vigorously, which has resulted in Malahide having the "best in class" controls for our members.

Finally, on behalf of our Credit Union I wish to thank Vivienne and her wonderful and dedicated staff for ensuring Malahide Credit Union is robust in the market, compliant in all regulatory requirements and focussed on members' needs. Vivienne, Lucia, Aileen, Helen, Sheena, Karen, Isobel and Kathleen continue to provide for your financial needs in a friendly yet efficient manner which ensures that Malahide Credit Union remains the best financial institution in our village.

Donal Murphy
Chairman

Year in Review-Vivienne Keavey, Manager



Another year over! It's hard to believe how quickly it has flown and how much has happened in and around Malahide during 2017. Dublin's Senior Ladies football team won the All Ireland with a team containing three players from St Sylvesters, the Citizens' Assembly, a unique experiment in deliberative democracy, was based here in Malahide and made some momentous decisions. Ireland awaited Hurricane Ophelia with trepidation but it turned out to be a bit of a damp squib, unlike the interesting and eventful year we had in Malahide Credit Union. 2017 was a year of **progress and growth** for your credit union, as I hope it was for you all.

I will mention some of the financial highlights later but first I would like to briefly discuss your credit union's strategic and business objectives, what it is we are trying to achieve for you over the next few years. We are determined to use our best endeavours to remain as an independent credit union, rather than looking to merge with one of the larger credit unions in the area. We fundamentally believe that this is the best way for us to stay close to our members and provide you with the specific and unique set of services that we know you want and need.

To remain independent, we must also remain financially strong. Achieving this is primarily dependent on encouraging members to borrow from us. Loan interest will continue to be our primary source of income, especially given the ongoing low international interest rate environment that has reduced the returns available on the €14m of surplus funds on our Balance Sheet. We offer flexible and innovative loan products for just about any purpose, loans that provide excellent value to borrowers - just compare our rates to those available elsewhere. While loans are our key product offering (we are a **credit** union after all), we continue to provide a comprehensive range of services and are always open to suggestions from you for additional products and services. More about this below.

As I said last year, we really need you, your families and friends to do more of your business with us, especially your borrowing business. Remember that your credit union is rooted in Malahide and is not a branch of some large, faceless entity; its remit is to provide financial services on a not-for-profit basis for all members, whatever their circumstances. This is our "**unique selling proposition**" and it should give us a significant competitive advantage - if we could just get the message out there. We especially want to help our younger members to make a start in their "financial" lives, to establish a savings habit and borrowing record that will stand to them when they need to make their big financial decisions, such as a mortgage or business loan.

During the year we granted over **€4.7 million** in new loans (compared to €3.7m last year). Our **7.5% Home Renovation Loan** continues to be our star performer, with our **6.9% Promotional Car Loan** not far behind. The latter is aimed at both new and used car buyers, including those who want to escape from a Personal

Contract Plan (PCP). And if you are thinking of importing a car, please think of us for your finance needs. In 2018, we plan to introduce a new loan for people who have never borrowed from us before (a **first-time borrower loan**), just to show them the great value available from Malahide Credit Union and to encourage them to borrow from us in future. These members are the future of our credit union.

388 new members joined us in 2017, bringing our total membership to **7,240**. Our savings continued to grow strongly in 2017, something that has both positive and negative connotations. Savings growth is a sign of confidence in the credit union but it increases the size of our business and that in turn increases the amount of capital that we need to retain. Maintaining this capital is a drain on resources that could be put to better use, e.g. to improve services or reduce loan interest rates. Our savings limit of €20,000 per member had the effect of slowing savings inflows for a while but in 2017, savings growth took off again. As a result, we have reluctantly introduced a monthly lodgement limit of €2,000, hopefully on a temporary basis.

In financial terms we had another very successful year. Our income increased by over €42,000 due to a combination of loan growth and one-off investment gains. We were able to take over €42,000 back from our bad debt provision and collected almost €51,000 from repayment of bad debts that were previously written-off. Our operating expenses increased by almost €73,000 mainly due to factors outside our control (levies and some premises costs) as well as a planned increase in our marketing and promotion costs. We have increased our marketing activity in an effort to encourage our members to think of us first for their borrowing needs and this has helped to increase our loan portfolio by over €1m (or 21%). But we still have lots more to lend! Our **Surplus of €170,668** for the year is a great result, but one that will be tough to repeat without continued lending growth.

All of the above has left us in a financially strong position, with Reserves of over €3 million which equates to almost 14% of our assets, well in excess of the 10% required by the Central Bank. We believe that we have built a strong base that will enable us to grow and thrive and to continue to provide our comprehensive range of services in an efficient and member-focused way. As I said earlier, we are confident that we can continue to survive and prosper as an independent credit union - but we need your continued support. ***Together we're stronger!***

In conclusion, I would like to thank my colleagues, both our volunteers and staff for their ongoing commitment and dedication to the achievement of our strategic objectives. I want to compliment our staff (our most valuable asset!) on their enthusiasm in dealing with our members and their willingness to endure the increased workload that has resulted from the legislative changes of the past few years. Finally, I would like to wish you all a happy and prosperous 2018.

Vivienne Keavey

Manager

January 2018

Report of the Board Oversight Committee

The members of the Board Oversight Committee in 2017 were Eileen Mooney (chairperson), Catherine Leahy (secretary) and Claudia Lupo.

We work on behalf of members of Malahide Credit Union to ensure that your interests are looked after and we would ask you to note that we are independent and separate from the Board.

In general the functions of the Board Oversight Committee relate to the assessment, evaluation and reporting on whether the Board of Directors has operated in accordance with Part 1A and 1VA of the 1997 Act. The Board Oversight Committee is not directly involved in the operations of the Credit Union. The Board Oversight Committee has participated in further training courses to meet fitness and probity requirements as laid down by the Central Bank and we thank the Board for their co-operation.

Our work plan for the coming year will again focus on the functions of the Board of Directors, Board Committees, Internal Audit, and Risk Management & Compliance. At least one Board Oversight Committee member is in attendance at the Board Meetings, and the Board Oversight Committee meets with the Board quarterly to ensure that the Board is complying with the new legislation. We will continue to attend meetings of the various committees and liaise with the Internal Auditor and Risk Management & Compliance Officer.

The audits demonstrated high standards of governance in place and we are satisfied that your Credit Union is being run in a very satisfactory manner and that the Board of Directors has operated in accordance with Part IV and IVA of the 1997 Act.

Finally, we would like to thank the members of the Board and the Manager and Staff for all their co-operation and help throughout the year.

Eileen Mooney

Chairperson of the Board Oversight Committee

Report of the Credit Control Committee

The main function of the Credit Control Committee is the monitoring of all loans and the recovery of all debts, for which provisions have to be made under Resolution 49 of the Credit Union Act.

In the current financial climate, the work of the Committee has assumed even greater importance and we wish to acknowledge the continuous and diligent work of the Manager and staff in their day-to-day dealings with members on behalf of the Committee and Board.

Contact is maintained with members who are experiencing difficulties and every effort is made to help them. Our simple message is “Please help us to help you”. Should a problem arise which affects your loan repayments, please contact us as early as possible and let us know. We assure you that all such problems will be dealt with in a sympathetic manner and in total confidence. We again urge members not to ignore communication from the Credit Union.

Bad debts recovered 2017	€50,990	(€57,499 in 2016)
Loans charged off 2017	€ 5,502	(€20,118 in 2016)

The Committee, management and staff will continue to pursue charged off loans to recover outstanding amounts. It is important to note that all legal fees incurred in the recovery of a debt are the sole responsibility of the member concerned (or the guarantor where this applies).

It is important to remember, too, that the Credit Control Committee and the Board of Directors are responsible for members’ savings and it is incumbent on us to pursue all debts owing to the Credit Union by all legal means.

The Committee wishes to acknowledge the outstanding work performed by the Manager and Credit Control Office during the year which has resulted in our bad debt ratio being significantly below the national average, and, in fact, the best in our asset group by some distance.

In conclusion, we thank you for your continued support and, hopefully with your assistance, we will see an even better year for Credit Control and your Credit Union in 2018.

Stephen MacDonagh

On behalf of the Credit Control Committee

Report of the Credit Committee

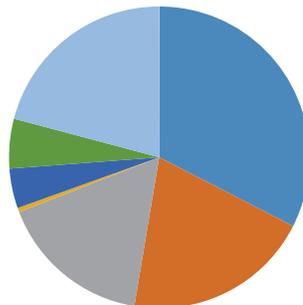
Malahide Credit Union had another very successful year in providing loans to its members. I would encourage all members to consider your Credit Union as the first point of contact to arrange finance, whether it is our:

- **Home Renovation Loan**, a loan for home extension or renovation costs up to €75,000, repayable over terms of up to ten years with a low interest rate of 7.5% (7.76% APR),
- **Flexi Education Loan** - A loan that covers all your education expenses for as long as your course lasts. You have the comfort of knowing that if you keep your repayments up to date, you will be approved for the following year.
- **Promotional Car Loan** provides finance for new or used cars for up to €50,000, repayable over terms of up to five years with a low interest rate of 6.9% (7.12% APR). If you are currently in a Personal Contract Plan (PCP) with a motor dealer, you can also borrow from us at this low rate to finance your PCP “balloon” payment.

We have loans available for a wide selection of purposes at very competitive interest rates. You do not need to wait to make an application for loan facilities and we consider all members based on our lending criteria and principally, your repayment capacity. We will continue to monitor our product range, interest rates and loan assessment process to fully provide for all our members requirements.

We lent €4,706,475 offering 990 loans with an average value of €4,750 in the 12 months to the end of September 2017

■ Home Improvements	26%
■ Car Loans	15%
■ Covered Loans	25%
■ Christmas Loans	1%
■ Education Loans	4%
■ Holiday Loans	6%
■ All Other Purposes	23%



I would like to thank the members of the Credit Committee, Ciaran Lynam and Mary Gleeson for their time, patience and guidance. I would like to thank my fellow Board members and staff for all their input. Malahide Credit Union wants to lend and we have products and interest rates to beat or match our competitors. We want to meet you and our lending process is streamlined to deliver funds to you in a timely manner.

Michael Dowling
Chairman



MALAHIDE
CREDIT UNION

**Report and Financial Statements
for the year ended 30 September 2017**

Registration Number 268CU





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Directors' Report

for the year ended 30 September 2017

The directors present their report and audited financial statements for the year ended 30 September 2017.

Principal Activity and Review of Business

On review of the credit union's financial results the following key performance indicators were identified:

	2017	2016
Members Savings movement %	+6.42%	+8.77%
Gross Loan movement %	+20.78%	+2.27%
Regulatory Reserve % of total assets	11.00%	11.00%

The credit union continued to attract additional members' savings during the financial year with member shares having increased from the prior year. Lending activity is continuing to increase strongly with growth of 20.78% in the gross loan book in the financial year indicative of strong loan demand. The credit union continues to maintain regulatory reserves in excess of the regulatory minimum of 10%.

Results for the year and State of Affairs at 30 September 2017

The income and expenditure account and the balance sheet for the year ended 30 September 2017 are set out on pages 32-33.

Principal Risks and Uncertainties

The credit union, as with many other financial institutions, continues to face uncertainties arising from the general economic conditions. The board are actively monitoring the effects of these conditions on the daily operations of the credit union.

The principal areas currently requiring risk management include:

Credit risk: The risk of financial loss arising from a borrower, issuer, guarantor or counterparty that may fail to meet its obligations in accordance with agreed terms. In order to manage this risk the Board approves the Credit Unions lending policy and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently, loans are regularly reviewed for any factors that may indicate impairment. The Board approves the Credit Union's Credit Control policy which monitors the procedures for the collection of loans in arrears and also the basis for impairment on loans. With respect to its investment portfolio the credit union continuously monitors all third party institutions in relation to credit ratings, counterparty risk and their overall financial strength. The

Board approves the Credit Union's Investment Policy which includes procedures on investment consideration and approval and the overall investment risk profile which the credit union is willing to accept.

Liquidity risk: The risk that a credit union will not be able to fund its current and future expected and unexpected cash outflows as they fall due without incurring significant losses. This may occur even where the credit union is solvent. The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its obligations as they fall due. The objective of the liquidity policy is to smooth the timing between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

Capital risk: Capital is required to act as a cushion to absorb losses arising from business operations and to allow a credit union to remain solvent under challenging conditions. Capital risk arises mainly as a result of the quality or quantity of capital available, the sensitivity of the credit union exposures to external shocks, the level of capital planning and the capital management process. Capital risk could potentially impair a credit union's ability to meet its obligations in an adverse situation. The board manage this risk by ensuring that sufficient reserves are set aside each year to absorb any potential losses.

Operational risk: The risk of loss (financial or otherwise) resulting from inadequate or failed internal processes or systems of the credit union; any failure by persons connected with the credit union; legal risk (including exposure to fines, penalties or damages as well as associated legal costs); or external events; but does not include reputational risk. Examples of operational risks include hardware or software failures, cyber risk, inadequate business continuity plans, misuse of confidential information, data entry errors and natural disasters.

Interest rate risk: The interest rate risk arises from differences between the interest rate exposures on loans and investments receivable, as offset by the cost of capital, which is typically that of distributions to members' payable in the form of dividends and interest rebates. The credit union considers rates of interest receivable when deciding on the appropriation of income and its returns to members. The Board monitors such policy in line with the Credit Union Act, 1997 (as amended) and guidance notes issued by the Central Bank of Ireland.

Strategy/business model risk: This refers to the risk which credit

unions face if they cannot compete effectively or operate a viable business model. Strategy/business model risk also includes the inherent risk in the credit union's strategy. The board have developed and approved a detailed strategic plan to formulate the short term direction of the credit union operations.

Dividends

The directors recommend payment of a dividend of €17,483.00 (0.10%) for the year, (2016 - 0.10%)

Post Balance Sheet Events

The directors have not identified any post balance sheet events which impact on the figures or disclosures in the financial statements to 30 September 2017.

Internal Audit Function

In accordance with Section 76K of the Credit Union Act, 1997 (as amended) the board have appointed an internal audit function to provide for independent internal oversight and to evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance process.

Accounting Records

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the credit union are maintained at the credit union's premises at 4 Main Street, Malahide, Co. Dublin.

Approved by the Board on: 30 November 2017



Donal Murphy

*Member of the Board
of Directors*



John O' Halloran

*Member of the Board
of Directors*

Statement of Directors' Responsibilities

for the year ended 30 September 2017

The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the credit union and of the income and expenditure of the credit union for that year. In preparing those financial statements the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy 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.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the Credit Union's auditor in connection with preparing the auditor's report) of which the Credit Union's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Credit Union's auditor is aware of that information.

On behalf of the Credit Union: 30 November 2017



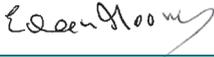
Donal Murphy
*Member of the Board
of Directors*



John O' Halloran
*Member of the Board
of Directors*

Statement of Board Oversight Committee's Responsibilities for the year ended 30 September 2017

The Credit Union Act, 1997 (as amended) requires the appointment of a Board Oversight Committee to assess whether the board of directors has operated in accordance with Part IV, Part IVA and any regulations made for the purposes of Part IV or Part IVA of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Bank in respect of which they are to have regard to in relation to the board.



Eileen Mooney

Member of Board Oversight Committee

Strong
Safe
Secure

Independent Auditor's Report

to the members of Malahide and District Credit Union Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malahide and District Credit Union Limited for the year ended 30 September 2017 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including the summary of significant accounting policies set out on pages 26 - 31. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Credit Union as at 30 September 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- the directors have not disclosed in the financial statements any

identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Credit Union Act 1997, (as amended).

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

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Credit Union Act 1997, (as amended).

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Credit Union were sufficient to permit the financial statements to be readily and properly audited, and financial statements are in agreement with the accounting records

Matters on which we are required to report by exception

Based on the knowledge and understanding of the credit union and its

environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Credit Union's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

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

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

Credit Union and the Credit Union's members, as a body, for our audit work, for this report, or for the opinions we have formed.

FMB Advisory Limited
Chartered Accountants
Registered Auditor

4 Ormond Quay Upper,
Dublin 7
DATE : 8 December 2017

2017

A year of progress and growth

Accounting Policies

for the year ended 30 September 2017

Statement of Compliance

The financial statements of the credit union for the year ended 30 September 2017 have been prepared on the going concern basis and in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the Credit Union Act 1997 (as amended) and in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council, as promulgated by Chartered Accountants Ireland.

Basis of Preparation

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the credit union's financial statements.

1. Going Concern

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

- is consistently generating annual surpluses;
- is maintaining appropriate levels of liquidity in excess of minimum legislative requirements; and
- has reserve levels which are significantly above the minimum requirements of the Central Bank.

2. Income Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Income is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

Interest on Members' Loans

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

Investment Income

The Credit Union uses the effective interest method to recognise investment income.

Other Income

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

3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months from date of acquisition.

4. Basic Financial Assets

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

Loans to Members

Loans to members are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

Investments held at Amortised Cost

Investments designated on initial recognition as held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount; minus, in the case of a financial asset, any reduction for impairment or uncollectability. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

Held to Maturity Investments

Investments designated on initial recognition as held-to-maturity are investments that the credit union intends, and is able to, hold to maturity. These are carried at amortised cost using the effective interest method. The fair value of some investment products will change during their life, but they will have a fixed

maturity value at some future date. When designated as held-to-maturity, any change in the fair value during the term of the investment is ignored, with the credit union only accounting for interest received. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification

Central Bank Deposits

Credit Unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the credit union but to which the credit union has restricted access. The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the credit union while it is a going concern. In accordance with the direction of the Central Bank the amounts are shown as current assets and are not subject to impairment reviews.

5. Complex Financial Assets

Complex financial assets are initially measured at fair value, which is normally the transaction price, including transaction costs, in accordance with Section 12.7 of FRS 102.

Where the credit union holds complex financial assets, including credit linked note investments, which are not publicly traded and whose fair value cannot be otherwise reliably measured, such assets will be subsequently measured at each balance sheet date in the financial statements at cost less impairment in accordance with Section 12.8 of FRS 102.

6. Other Receivables

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

7 Tangible Fixed Assets

Tangible fixed assets comprises items of property, plant and equipment, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Premises	-	2.5% Straight Line
Computer equipment	-	25% Straight Line
Office equipment	-	10% Straight Line

Gains or losses arising on the disposal of an asset are determined as the difference between the sale proceeds and the carrying value of the asset, and are recognised in the Income and Expenditure account.

At each reporting end date, the Credit Union reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

'Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income and Expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income and Expenditure account.

8. Employee Benefits

Pension Costs

The credit union operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the credit union in an independently administered fund. The pension charge represents contributions payable by the credit union to the scheme.

Other Employee Benefits

The costs of short-term employee benefits, including holiday pay, are recognised as a liability and as an expense (unless those costs are required to be recognised as part of the cost of fixed assets) over the period they are earned.

9. Impairment of Members Loans

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Bad debts/impairment losses are recognised in the Income and Expenditure Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

10. Financial liabilities - members' shares and deposits

Members' shareholdings and deposits are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at the nominal amount.

11. Dividends and Other Returns to Members

Dividends are made from current year's surplus or a dividend reserve set aside for that purpose. The Board's proposed distribution to members each year is based on the dividend and loan interest rebate policy of the Credit Union.

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

- the risk profile of the Credit Union, particularly in its loan and investment portfolios;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- members' legitimate dividend and loan interest rebate expectations; all dominated by prudence and the need to sustain the long-term welfare of the Credit Union.

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

Final dividends and other returns to members are accounted for as a liability after they are approved by the members in general meeting.

12. Taxation

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

13. Reserves

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members. The retained earnings are subdivided into realised and unrealised. In accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy.

Regulatory Reserve

The Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 requires Credit unions to establish and maintain a minimum regulatory reserve requirement of at least 10% of the assets of the credit union. This reserve is to be perpetual in nature; freely available to absorb losses; realised financial reserves that are unrestricted and non-distributable. This reserve is similar in nature and replaces the Statutory Reserve which was a requirement of previous legislation.

Operational Risk Reserve

Section 45(5)(a) of the 1997 Act requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit Unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model.

The definition of operational is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The directors have considered the requirements of the Act and have considered an approach to calculation of the operational risk reserve based on indicative guidance issued by the Central Bank.

Income and Expenditure Account

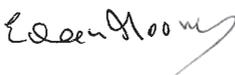
for the year ended 30 September 2017

	Schedule	2017 €	2016 €
INCOME			
Interest on loans	1	528,597	510,775
Other interest income and similar income	2	154,273	196,001
NET INTEREST INCOME		<u>682,870</u>	<u>706,776</u>
Other income	3	12,103	40,964
Other gains	4	95,119	-
TOTAL INCOME		<u>790,092</u>	<u>747,740</u>
EXPENDITURE			
Salaries		236,403	230,573
Other management expenses	5	421,750	349,014
Depreciation		47,369	47,428
Other losses	6	1,912	3,537
Bad debts provision		(42,522)	(88,031)
Bad debts recovered		(50,990)	(57,499)
Bad debts written off		5,502	20,118
TOTAL EXPENDITURE		<u>619,424</u>	<u>505,140</u>
EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR		<u>170,668</u>	<u>242,600</u>

On behalf of the Credit Union: 30 November 2017



Donal Murphy
Member of Board
of Directors



Eileen Mooney
Member of the
Board Oversight Committee



Vivienne Keavey
Manager

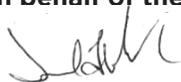
The accompanying notes form part of these financial statements

Balance Sheet

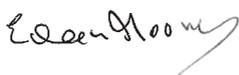
as at 30 September 2017

	Note	2017 €	2016 €
ASSETS			
Cash and cash equivalents	6	3,210,705	4,683,134
Investments	7	11,429,000	9,684,271
Loans	8	5,982,529	4,953,408
Less provision for bad debts	10	(245,963)	(288,485)
Tangible fixed assets	11	1,345,888	1,372,607
Debtors, prepayments and accrued income	12	82,870	82,436
TOTAL ASSETS		21,805,029	20,487,371
LIABILITIES			
Members' shares	13	18,547,853	17,429,609
Q-cash accounts	14	152,393	121,325
Other liabilities, creditors, accruals and charges	15	70,811	59,908
TOTAL LIABILITIES		18,771,057	17,610,842
RESERVES			
Regulatory reserve	17	2,398,553	2,253,611
Operational risk reserve	17	100,030	103,265
Other reserves			
- Realised reserves	17	532,342	519,653
- Unrealised reserves	17	3,047	-
TOTAL RESERVES		3,033,972	2,876,529
		21,805,029	20,487,371

On behalf of the Credit Union: 30 November 2017



Donal Murphy
Member of Board
of Directors



Eileen Mooney
Member of the
Board Oversight Committee



Vivienne Keavey
Manager

The accompanying notes form part of these financial statements

Statement of Changes in Retained Earnings

for the year ended 30 September 2017

	Note	2017 €	2016 €
Opening Balance at 1 October		229,216	222,393
Excess of income over expenditure		170,668	242,600
		<u>399,884</u>	<u>464,993</u>
Transfer to other reserves	17	(141,707)	(180,695)
Dividend paid	18	(16,272)	(29,577)
Interest rebate paid	18	-	(25,505)
Total:		<u>(157,979)</u>	<u>(235,777)</u>
Closing Balance at 30 September 2017		<u><u>241,905</u></u>	<u><u>229,216</u></u>

Strong
Safe
Secure

Cash Flow Statement

for the year ended 30 September 2017

	Note	2017 €	2016 €
Opening cash and cash equivalents		4,683,134	4,612,956
Cash flows from operating activities			
Loans repaid		3,671,852	3,496,182
Loans granted		(4,706,475)	(3,626,210)
Loan interest received		524,536	511,757
Investments interest received		156,431	183,864
Bad debts recovered		50,990	57,499
Dividends paid		(16,272)	(29,577)
Interest rebate paid		-	(25,505)
Operating expenses		(660,065)	(583,124)
Net cash flows from operating activities		(979,003)	(15,114)
Cash flows from investing activities			
Fixed assets purchased		(20,650)	(10,929)
Net cash flow from investments		(1,744,729)	(1,350,013)
Other gains		95,119	-
Net cash flows from investing activities		(1,670,260)	(1,360,942)
Cash flows from financing activities			
Members' shares received		9,030,531	9,453,641
Members' Q-cash account paid in		430,507	365,961
Members' shares withdrawn		(7,909,240)	(8,047,787)
Members' Q-cash account withdrawn		(399,439)	(377,193)
Net cash flows from financing activities		1,152,359	1,394,622
Other			
Other receipts		12,103	40,964
Decrease/(Increase) in prepayments		1,469	898
(Increase)/Decrease in other liabilities		10,903	9,750
		24,475	51,612
Closing cash and cash equivalents	6	3,210,705	4,683,134

Notes to the Financial Statements

for the year ended 30 September 2017

1. **General Information**

Malahide and District Credit Union Limited is a credit union incorporated under the Credit Union Act 1997 (as amended) in the Republic of Ireland. Malahide and District Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The financial statements have been presented in Euro (€) which is also the functional currency of the credit union.

2. **Use of Estimates and Judgements**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the Credit Union's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

Bad debts/Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in accounting policies on pages 26 - 31 of the financial statements. The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements.

Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics as identified by the Credit Union. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability.

Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which

the Credit Union currently operates which impact on current lending activity and loan underwriting. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

Impairment of buildings

The Credit Union's accounting policy on tangible fixed assets is set out in accounting policies on pages 26 - 31 of the financial statements. As described in the accounting policy the Credit Union is required to assess at each reporting date whether there is any indication that an asset may be impaired. If an impairment is identified, the Credit Union is required to estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs associated with sale and its value in use. In assessing whether the Credit Union's property is impaired, its current market valuation is considered as being equivalent to its fair value. Where the property's market valuation is identified as being below its carrying value, this amounts to a key indicator of the existence of impairment and the Credit Union would therefore be required to undertake a value in use calculation on its property assets. Value in use is the present value of the future cash flows expected to be derived from the Credit Union's property. This present value calculation involves the undertaking of the following steps:

- (a) Estimating the future cash inflows and outflows to be derived from continuing use of property and from its ultimate disposal, where appropriate; and
- (b) Applying the appropriate discount factor to those future cashflows.

The future cash inflows and outflows required for the value in use calculation are taken from financial projections prepared by management and approved by the board of directors. The discount factor applied in the value in use calculation is an assessment of the time value of money applicable to the Credit Union and will take account of previous guidance received from the Central Bank.

3. Employees

Number of employees

The average monthly numbers of employees during the year were:

	2017	2016
	Number	Number
Tellers/Admin	8	8
	<hr/> 8	<hr/> 8
	<hr/> <hr/>	<hr/> <hr/>

Employment costs

	2017	2016
	€	€
Wages and salaries	214,734	209,466
Social welfare costs	21,669	21,107
Pension costs	3,685	3,510
	<hr/> 240,088	<hr/> 234,083
	<hr/> <hr/>	<hr/> <hr/>

3.1. Key Management Personnel Compensation

The Directors of Malahide and District Credit Union Limited are all unpaid volunteers. The key management team for Malahide and District Credit Union Limited would include the directors, the credit union manager and other senior staff. The number of key management for the financial year to 30 September 2017 amount to 14 (2016 -14).

	2017	2016
	€	€
Short term employee benefits paid to key management	149,356	151,780
Payments to defined contribution pension schemes	3,685	3,510
	<hr/> 153,041	<hr/> 155,290
	<hr/> <hr/>	<hr/> <hr/>

4. Pension Costs

Pension costs amounted to €3,685 (2016 - €3,510).

5. Analysis of Investment Income	2017	2016
	€	€
Received during the year	106,208	146,646
Receivable within 12 months	48,065	49,355
Other investment income	-	-
	<u>154,273</u>	<u>196,001</u>

6. Cash & Cash Equivalents	2017	2016
	€	€
Cash and bank balances	207,005	491,667
Short term deposits	3,003,700	4,191,467
	<u>3,210,705</u>	<u>4,683,134</u>

Short term deposits are deposits with maturity on acquisition of less than or equal to three months. All other deposits are included in Investments in the Balance sheet and disclosed in note 7.

7. Investments	2017	2016
	€	€
Investments are classified as follows:		
Fixed term deposits maturing after 3 months	5,400,054	2,692,449
Deposit Protection Account	116,294	108,343
Accounts in authorised credit institutions	5,304,355	5,585,183
Investment bonds	608,297	1,298,296
	<u>11,429,000</u>	<u>9,684,271</u>

The market valuation of the investment bonds as at 30 September 2017 amounts to €621,072. The directors have confirmed that they are satisfied that all fixed term investments will be held to maturity.

Under the heading "Accounts in authorised credit institutions", the credit union holds investments in credit linked note type products amounting to €1.5 million at 30 September 2017 (€1.5 million at 30 September 2016). The credit union's investment advisors have confirmed that these investment products are not listed or traded on

an active market and therefore they are recognised at original cost less impairment in accordance with the credit union's accounting policy. No credit events or defaults have been identified on these products in the current or previous financial period which required the recognition of an impairment. Additional information with respect to these investment products is included in Note 21 to the financial statements.

8. Loans to Members	2017	2016
	€	€
Opening Balance at 1 October	4,953,408	4,843,498
Loans granted	4,706,475	3,626,210
Loans repaid	(3,671,852)	(3,496,182)
Loans written off	(5,502)	(20,118)
	<hr/>	<hr/>
Gross Loan Balance at 30 September	5,982,529	4,953,408
	<hr/>	<hr/>
<i>Impairment allowances</i>		
Individual loans	(218,372)	(263,736)
Groups of loans	(27,591)	(24,749)
	<hr/>	<hr/>
Loan provision	(245,963)	(288,485)
	<hr/>	<hr/>
Net loans as at 30 September	5,736,566	4,664,923
	<hr/> <hr/>	<hr/> <hr/>

9. Credit Risk Disclosures

At 30 September 2017, the Credit Union had 3 house loans outstanding from members on which first charges on properties were held. All remaining loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are maximum amounts set down under legislation in terms of what amount a member can borrow from a Credit Union.

The carrying amount of the loans to members represents the Credit Union's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full.

	2017		2016	
	€	%	€	%
Gross Loans Not Impaired	5,730,448	95.79%	4,687,672	94.64%
Gross Loans Impaired				
Up to 9 weeks past due	109,797	1.84%	83,427	1.68%
Between 10 and 18 weeks past due	23,988	0.40%	45,218	0.91%
Between 19 and 26 weeks past due	3,000	0.05%	38,434	0.78%
Between 27 and 39 weeks past due	44,277	0.74%	10,941	0.22%
Between 40 and 52 weeks past due	7,881	0.13%	29,023	0.59%
53 or more weeks past due	63,138	1.06%	58,693	1.18%
	252,081	4.21%	265,736	5.36%
Total Gross Loans	5,982,529	100.00%	4,953,408	100.00%
Impairment Allowance				
Individual loans	(218,372)		(263,736)	
Groups of loans	(27,591)		(24,749)	
Loan provision	(245,963)		(288,485)	
Net loans as at 30 September	5,736,566		4,664,923	

Factors that are considered in determining whether loans are impaired are discussed in Note 2, dealing with estimates.

10. Loan Provision Account for Impairment Losses

	2017	2016
	€	€
Opening balance 1 October	288,485	376,516
Net movement during the year	(37,020)	(67,913)
Decrease as a result of loan write offs previously provided for	(5,502)	(20,118)
Closing provision balance 30 September	245,963	288,485

11. Tangible Fixed Assets

	Premises €	Computer equipment €	Office equipment €	Total €
Cost				
At 1 October 2016	1,521,347	223,561	30,339	1,775,247
Additions	-	17,989	2,661	20,650
At 30 September 2017	1,521,347	241,550	33,000	1,795,897
Depreciation				
At 1 October 2016	180,390	208,932	13,318	402,640
Charge for the year	38,034	6,301	3,034	47,369
At 30 September 2017	218,424	215,233	16,352	450,009
Net book values				
At 30 September 2017	1,302,923	26,317	16,648	1,345,888
At 30 September 2016	1,340,957	14,629	17,021	1,372,607

An independent valuation of the credit union's premises at 4 Main Street, Malahide, Co. Dublin was carried out by Kevin Flanagan & Associates, on 3 October 2016, which stated that the premises had an open market valuation of €1.45 million. The directors have confirmed that they are satisfied that no indication of impairment exists at 30 September 2017.

12. Prepayments and Accrued Income

	2017 €	2016 €
Prepayments	15,316	16,785
Accrued income	48,065	50,223
Member Loan interest receivable	19,489	15,428
	82,870	82,436

13. Members' Shares	2017	2016
	€	€
Opening Balance at 1 October	17,429,609	16,023,755
Shares paid in	9,030,531	9,453,641
Shares withdrawn	(7,909,240)	(8,047,787)
Other movements	(3,047)	-
Closing Balance at 30 September	<u>18,547,853</u>	<u>17,429,609</u>

Members' shares are repayable on demand except for shares attached to loans. The breakdown of the shares between attached and unattached is as follows:

	€	€
Unattached Shares	15,644,583	14,748,019
Attached Shares	2,903,270	2,681,590
	<u>18,547,853</u>	<u>17,429,609</u>

14. Members' Q-Cash Accounts	2017	2016
	€	€
Opening balance 1 October	121,325	132,557
Received during the year	430,507	365,961
Paid out during the year	(399,439)	(377,193)
Closing balance 30 September	<u>152,393</u>	<u>121,325</u>

Q-cash accounts are repayable on demand.

15. Other Liabilities and Charges	2017	2016
	€	€
PAYE/PRSI control account	5,073	5,073
Accruals	65,738	54,835
	<u>70,811</u>	<u>59,908</u>

16. Additional Financial Instruments Disclosures

1. Financial risk management

Malahide and District Credit Union Limited manages its members' shares and loans to members so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from the Credit Union's activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Malahide and District Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves the Credit Union's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. With respect to its investment portfolio the credit union continuously monitors all third party institutions in relation to credit ratings, counterparty risk and their overall financial strength. The Board approves the Credit Union's Investment Policy which includes procedures on investment consideration and approval and the overall investment risk profile which the credit union is willing to accept.

Liquidity risk: The Credit Union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

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

Interest rate risk: The Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on shares and on any loan interest rebate.

2. Interest rate risk disclosures

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

	2017	2016		
	Amount	Average	Amount	Average
<u>Financial Assets</u>	€	Interest	€	Interest
		Rate		Rate
Loans to members	5,982,529	9.91%	4,953,408	10.75%

The dividend payable is at the discretion of the Directors and is therefore not a financial liability of the Credit Union until declared and approved at the AGM.

3. Liquidity risk disclosures

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans which have a fixed maturity date.

4. Fair value of financial instruments

Malahide and District Credit Union Limited does not hold any financial instruments at fair value.

17. Total Reserves

	Balance 01/10/16	Dividend and loan interest rebate paid	Appropriation of current year surplus	Transfers between reserves	Balance 30/09/17
	€	€	€	€	€
Total Regulatory Reserve	2,253,611	-	-	144,942	2,398,553
Operational Risk Reserve	103,265	-	-	(3,235)	100,030
Other Realised Reserves					
Undistributed Surplus	229,216	(16,272)	170,668	(141,707)	241,905
General reserve	290,437	-	-	-	290,437
Total realised reserves	<u>2,876,529</u>	<u>(16,272)</u>	<u>170,668</u>	<u>-</u>	<u>3,030,925</u>
Unrealised Reserves					
Special reserve	-	-	3,047	-	3,047
Total unrealised reserves	<u>-</u>	<u>-</u>	<u>3,047</u>	<u>-</u>	<u>3,047</u>
Total reserves	<u>2,876,529</u>	<u>(16,272)</u>	<u>173,715</u>	<u>-</u>	<u>3,033,972</u>

The Credit Union is required to maintain a Regulatory Reserve that support the credit union's operations, provide a base for future growth and protect against the risk of unforeseen losses. The credit

union needs to maintain sufficient reserves to ensure continuity and to protect members' savings. The Central Bank expects that credit unions whose total regulatory reserves are currently in excess of 10 per cent of total assets will continue to maintain reserves at existing levels on the basis that these continue to reflect the board of directors' assessment of the appropriate level of reserves for the credit union. The balance on the regulatory reserve represents 11.00% of total assets as at 30 September 2017 (11.00% as at 30 September 2016).

The board of directors and the management team have undertaken a review of the credit union's risk register and risk management procedures in order to determine the adequacy of the operational risk reserve. This review consisted of a consideration of each operational risk area, the various control procedures, outsourcing agreements and insurances in place to mitigate risk and the resultant remaining residual risk. An estimated costing to the credit union has been attached to each identified area of residual risk in computing the required operational risk reserve. The balance on the operational risk reserve represents 0.46% of total assets as at 30 September 2017.

18. Dividends, Loan Interest Rebate and Other Returns to Members

The directors recommend the following distributions:

	2017		2016	
	Rate %	€	Rate %	€
Dividend on shares	0.10%	17,483	0.10%	16,270

In accordance with FRS102 "Events after the End of the Reporting Period", dividends and returns to members are accounted for in the financial statements after they are approved by the members in general meeting.

The returns to members paid in the current and prior year periods were as follows:

	2017	2016
	€	€
Dividend paid during the year	16,272	29,577
Dividend rate	0.10%	0.20%
Loan interest rebate paid during the year	-	25,505
Loan interest rebate rate	-%	5.00%

19. Rate of Interest Charged on Members' Loans

The credit union currently charges interest at the following rates:

Standard Loan	11.90%
Express Loan	11.90%
One Year Holiday Loan	9.50%
Flexi Education Loan	7.50%
Covered Loan	6.00%
One Year Christmas Loan	7.75%
Home Renovation Loan	7.50%
Promotional Car Loan	6.90%

20. Post Balance Sheet Events

The directors have not identified any post balance sheet events which impact on the figures or disclosures in the financial statements to 30 September 2017.

21. Contingent Liabilities

All capital invested in fixed term investment products is guaranteed only if held to maturity. In the unlikely event of early encashment there may exist an early settlement penalty or capital loss. The board of directors have confirmed that they intend that all such investments are to be held until their maturity dates.

As stated in Note 7 to the financial statements, the credit union hold investments in Credit Linked Note type investments. Investments in Credit Linked Note type investments have a conditional capital protection at maturity. The initial amount invested will be received on maturity providing there has not been a credit event or default in any of the banking institutions that are party to the individual products. In the unlikely event that such credit events or defaults were to occur, the credit union could be subject to reductions in the level of return or a potential loss of capital invested. At the year end the directors are not aware of any credit events or default in any of the banking institutions party to these products and no impairments have been recognised in the financial statements.

22. Capital Commitments

There were no capital commitments either contracted for or approved by the Board at the year end.

23. Insurance Against Fraud

The credit union has insurance against fraud in the amount of €1,300,000 in compliance with Section 47 of the Credit Union Act, 1997 (as amended).

24. Related Party Transactions

The Credit Union has identified the following transactions which are required to be disclosed under the terms of FRS102 'Related Party Disclosures'.

The following details relate to officers and related party accounts with the credit union. Related parties include the board of directors and the management team of the Credit Union, their family members or any business in which the director or management team had a significant shareholding.

	No. of loans	2017 €	2016 €
Total savings held by related parties		209,119	233,184
Total loans outstanding by related parties	12	75,634	82,025
% of gross loan book		1.26%	1.66%
Loans advanced to related parties during the year	8	55,650	46,950
Total provisions for loans outstanding to related parties at year end		-	-
Total provision charge during the year for loans outstanding to related parties		-	-

25. Authorisation and Approval of Financial Statements

The board of directors authorised and approved these financial statements for issue on 30 November 2017.

Additional Information

for the year ended 30 September 2017

(not forming part of the statutory audited Financial Statements)

Schedule 1. Interest on Loans

	2017	2016
	€	€
Loan interest received	524,536	511,757
Loan interest receivable	4,061	(982)
Total per Income and Expenditure Account	<u>528,597</u>	<u>510,775</u>

Schedule 2. Other Interest Income and Similar Income

	2017	2016
	€	€
Investment income	154,273	196,001
Total per Income and Expenditure Account	<u>154,273</u>	<u>196,001</u>

Schedule 3. Other Income

	2017	2016
	€	€
Entrance fees	376	499
E.C.C.U. rebate	3,665	31,188
Other commissions	8,062	9,277
Total per Income and Expenditure Account	<u>12,103</u>	<u>40,964</u>

Schedule 4. Other Gains

	2017	2016
	€	€
Gains on Investments	95,119	-
Total per Income and Expenditure Account	<u>95,119</u>	<u>-</u>

Schedule 5. Other Management Expenses

	2017	2016
	€	€
Staff pension costs	3,685	3,510
Staff training	5,305	5,028
E.C.C.U. Insurance	78,063	71,374
Death benefit expense	24,303	24,323
Savings protection scheme	4,244	6,602
Rates	12,269	12,269
General insurance	8,827	7,770
Light and heat	4,052	4,149
Cleaning	3,037	2,359
Property maintenance	16,773	-
Security & alarm	8,758	5,384
Printing, postage, stationery and office expenses	20,484	13,847
Advertising, promotion and marketing	28,116	8,495
Telephone	6,137	5,979
Computer costs	39,397	30,580
CUSOP expenses	16,289	15,515
Chapter dues	428	685
Convention and seminar expenses	16,372	12,357
Travelling and subsistence	2,792	3,920
Social expenses	5,149	4,140
Legal and professional	57,505	65,556
Audit	15,246	14,986
Bank charges	5,903	9,031
General expenses	(1,637)	1,637
Affiliation & regulation fees	35,796	17,208
Subscriptions and donations	4,457	2,310
Total per Income and Expenditure Account	<u>421,750</u>	<u>349,014</u>

Schedule 6. Other Losses

	2017	2016
	€	€
Amortisation of bond premium	1,912	3,537
Total per Income and Expenditure Account	<u>1,912</u>	<u>3,537</u>



MALAHIDE CREDIT UNION



EXP

€2,500

TERM 1 YEAR

INTEREST 11.9%

51

€45,100
€185,100
€185,4683
malahidecu.ie

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SKI HOLIDAY LOAN
€3,000
€50.45 per month
12 months
M
MALAHIDE CREDIT UNION

SKI HOLIDAY
€3,000
€50.45 per month
12 months
M
MALAHIDE CREDIT UNION

HOME LOAN
€28,000
€68.31 per month
12 months
M
MALAHIDE CREDIT UNION

HOME LOAN
€28,000
€68.31 per month
12 months
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MALAHIDE CREDIT UNION

HOME LOAN
€28,000
€68.31 per month
12 months
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MALAHIDE CREDIT UNION

EDUCATION
€3,000
€59.93 per month
12 months
M
MALAHIDE CREDIT UNION

HOME LOAN
€28,000
€68.31 per month
12 months
M
MALAHIDE CREDIT UNION

HOME LOAN
€28,000
€68.31 per month
12 months
M
MALAHIDE CREDIT UNION

CAR LOAN
€3,000
€45.49 per month
12 months
M
MALAHIDE CREDIT UNION

DO YOU **KNOW**

**NOT FOR
PROFIT**
Organisation

**CURRENT
LOAN
BOOK**

€6,254,942
AS AT 19/12/17

**990
LOANS
ISSUED**
€4,706,475

**7248
MEMBERS**
388 New in 2017

10
No. of Staff
Employed

2017 *A Year of Progress and Growth*

**EASY LOAN
APPLICATION
PROCESS**

**FRIENDLY,
PROFESSIONAL
STAFF**

**ON LINE
ACCESS**

**COMMUNITY
BASED** Financial
Institution

FREE
Insurance cover
for Savings
& Loans

**MOBILE
APP**

FREE
Transactions



MALAHIDE CREDIT UNION

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info@malahidecu.ie

Terms & conditions apply. All loans are subject to approval.
Malahide Credit Union is regulated by the Central Bank of Ireland.



www.malahidecu.ie

TOGETHER WE'RE STRONGER