

# ANNUAL REPORT

# 2022

*Member First Credit Union Limited  
Annual Report & Accounts 2022*



**MFCU  
Community  
Fund**

When you borrow & save with us,  
you're funding our support  
of a variety of local community  
initiatives. **Thank you!**



# €1,262,736

donated since 2014



**28 defibs**  
placed across our  
communities



**€10,000**  
in Scholarship  
Awards



**32 schools**  
in our School  
Savings Scheme



**€5,000**  
donated to  
Irish Red Cross to  
support Ukraine



**€5,000**  
raised for  
Irish Motor Neurone  
Disease Association



**€147,198**  
in Community  
Funding this year

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## CHRISTMAS LOANS

*COVER YOUR FESTIVE FINANCES*

**Calculate repayments & apply today at** [www.mfcu.ie](http://www.mfcu.ie)

WARNING: If you do not meet the repayments on your credit agreement, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future.

Lending criteria, terms & conditions apply. Member First Credit Union Ltd. is regulated by the Central Bank of Ireland.

# MEMBER NOTICE: AGM 2022

Notice is hereby given that the Annual General Meeting ('AGM') of Member First Credit Union Limited will take place by virtual means on Monday, 5<sup>th</sup> December 2022, at 7.00pm.

This event will be accessed by a private link only available to our members. To sign up for access please visit our website at [www.mfcu.ie/agm-2022](http://www.mfcu.ie/agm-2022) and complete the signup form. If you need assistance accessing our virtual AGM, please read the information on the following page or don't hesitate to give us a call on (01) 851 3400.

- Valerie Mulvaney, Secretary

VIRTUAL AGM to be held on  
**Monday 5<sup>th</sup> December 2022**  
at **7.00pm**

Members wishing to attend the Virtual AGM need to register to join and apply via our website: [www.mfcu.ie/agm-2022](http://www.mfcu.ie/agm-2022) and complete the signup form.

**The request for attendance must be received by 5pm on Wednesday 30<sup>th</sup> November 2022.**

For those members who are not confident with computers or online systems, we have compiled a series of online instructional booklets and films on how to familiarise yourself with computers and how to use the basic online systems. We want to ensure that all our members can attend our virtual meeting. We would advise you to familiarise yourself with these resources ahead of time – full details are available at [www.mfcu.ie/virtual-agm](http://www.mfcu.ie/virtual-agm).

**Please Note: Annual Account Statements will be sent to members in January 2023.**

# VIRTUAL AGM FULL DETAILS

With Covid-19 still impacting on all of our lives, the safety of our members, staff and the entire community is paramount. Therefore we have taken the decision to once again hold our Annual General Meeting ('AGM') by virtual means.

Member First Credit Union Limited will be using Zoom Webinar as the virtual platform for the meeting.

To gain access to the meeting a member must register to attend the virtual meeting by completing the application form online, available at [www.mfcu.ie/agm-2022](http://www.mfcu.ie/agm-2022). This application must be received by **5pm on Wednesday 30<sup>th</sup> November 2022**. Following the registration the member will receive an invitation no later than the morning of Monday 5<sup>th</sup> December. The invitation received by you will contain a link that allows you to not only attend (remotely) the AGM, but also to exercise your right to vote at the AGM. You cannot share this invitational link with anyone else and you are solely responsible for the security and safe keeping of your invitational link. Each unique invitational link is applicable to one member on one device and permits that member to vote.

- The information required to request an invitation is your name, member account number and email address.
- The Credit Union will verify members details prior to issuing invitations.
- In order to register for the Virtual AGM, each member will require a personal email address. Please note that a group or general mailbox will not be accepted (e.g. [info@club.ie](mailto:info@club.ie), [team1@xyzltd.ie](mailto:team1@xyzltd.ie)).
- All non-presenting participants will have their microphones muted and have their cameras switched off to allow the smooth running of the meeting.
- If a member wishes to submit a question this can be typed to the host by clicking on the "Q&A" button on the bottom of the screen.
- There will be resolutions that require a vote as well as elections for the position of Auditor, Board Oversight Committee and Board of Directors.
- Voting will be conducted by way of the online poll facility and members will be asked to vote Yes/No electronically for the resolution or for each candidate when instructed by the Chairperson.
- Votes will be tallied electronically, verified by the Head of Regulatory Compliance, and recorded by the Secretary.
- This virtual AGM meeting will be recorded and members who register for the meeting will be agreeing to the recording of the meeting and their participation in it, by registering.

# AGM QUESTION SUBMISSION

In order to improve the smooth running of the AGM and taking on board feedback from members, we are giving members the opportunity to submit questions to the Board of Directors in advance of the meeting. Please also include your contact details. Questions can be submitted in any branch, posted to our Head Office (Artane Roundabout, Malahide Road, Artane, Dublin 5) or emailed to [agm@mfcu.ie](mailto:agm@mfcu.ie).

Any questions submitted that are not relevant to the business of the AGM will be forwarded for the attention of a relevant officer to be addressed as appropriate. These might include matters relating to a member's account or affairs which are unlikely to be relevant to the business of the AGM. Submitting a question in advance of the AGM does not affect your rights as a member to attend and speak at the AGM.

Please return your questions to your local Member First Credit Union branch, post them to our Head Office at the Artane Roundabout or send them by email to [agm@mfcu.ie](mailto:agm@mfcu.ie) no later than Wednesday 30<sup>th</sup> November 2022.

## AGM AGENDA

- |    |  |     |   |
|----|--|-----|---|
| 1. | Chair opens meeting at 7.00pm sharp    | 9.  | Report of the Board Oversight Committee |
| 2. | Ascertainment that a quorum is present | 10. | Report of the Nomination Committee      |
| 3. | Adoption of standing orders            | 11. | Appointment of Tellers                  |
| 4. | Approval of minutes of AGM 2021        | 12. | Balloting                               |
| 5. | Report of the Board                    | 13. | Community Report                        |
| 6. | Finance Report                         | 14. | Announcement of Election Results        |
| 7. | Report of the Auditor                  | 15. | Adjournment of meeting 8.15pm sharp     |
| 8. | CEO Report                             | 16. | Raffle Results                          |

*\* agenda is subject to change*

# STANDING ORDERS

## 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).

Due to the fact that this year's AGM will be a virtual meeting, voting on motions and elections will be by electronic means.

## 2. Election Procedure – Electronic Voting

When nominations are announced tellers shall be appointed by the Chair and voting procedures and instructions shall be distributed. Elections shall be in the following order:

- (a) Election of Auditor;
- (b) Election for membership of the Board of Directors; and
- (c) Election for membership of the Board Oversight Committee.

The mechanics of the virtual voting process will be explained in more detail at the AGM by the Chair. When the votes have been counted by the tellers, the results shall be announced by the Chair.

## 3 – 4. Motions

3. Due to the specific difficulties we are facing in holding an Annual General Meeting this year due to Covid-19, the purpose of this year's AGM is to deal with the essential business of the Credit Union. This includes reporting to members on the financial status of the Credit Union and the election of officers.

As such, there will be no motions from the floor due to the difficulties in managing same remotely. Members have been invited to submit questions to the board in advance of the AGM and the board will address these during the AGM, and same will be included in the minutes of the AGM.

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

## 5 – 9. Miscellaneous

5. The Chair of the Credit Union 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.

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

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

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

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

## 10. Adjournments

Adjournments of the AGM shall take place only in accordance with section 81(1) and the provisions concerning notice, voting and quorum are also set out in section 81 and the new section 80A inserted by the Finance (Miscellaneous Provisions) Act 2020.

# 2022

## Year in Review

**0.05%**

dividend

**2.00%**

loan interest  
rebate

**€500K**

new Mortgage  
limit

**€381,900,476**

total assets

**13,737**

loans issued  
worth

**€52.9m**

**€3,871,950**

surplus

**€105,239,220**

Loan Book

**#1**

for customer  
service  
**8 years in  
a row**

**86,266**

calls to our  
Digital Hub

**BRAND  
NEW  
WEBSITE**

scan here  
to view





The Monthly Member Prize Draw is a self-funded, non-profit making draw open to all members over the age of 18. For just €13 per quarter (€1 per week) you are entered into the monthly draw for a chance to win your share of €50,000 in cash prizes.

2022 Prize Draw Winners (€15,000 each)		
<b>Frances King</b> <i>Oct 2021</i>	<b>Martin Byrne</b> <i>Nov 2021</i>	<b>David Hanlon</b> <i>Dec 2021</i>
<b>Paul Morgan</b> <i>Jan 2022</i>	<b>Angela Ridgeway</b> <i>Feb 2022</i>	<b>Marie Prothero</b> <i>Mar 2022</i>
<b>Denise Whelan</b> <i>Apr 2022</i>	<b>Mary Doyle</b> <i>May 2022</i>	<b>Jessica L'Estrange</b> <i>Jun 2022</i>
<b>James Duggan</b> <i>Jul 2022</i>	<b>Pauline Doyle</b> <i>Aug 2022</i>	<b>Jason Ryan</b> <i>Sep 2022</i>

2022

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Member deductions	694,885
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**Total income** **694,885**

Cash prizes	625,500
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Admin costs	16,428
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<b>Total Expenditure</b>	<b>678,928</b>
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<b>Excess of Income over Expenditure</b>	<b>15,957</b>
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Opening Balance of Prize Draw fund	86,694
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<b>Closing Balance of Prize Draw fund</b>	<b>102,651</b>
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# MONTHLY MEMBER PRIZE DRAW

only  
**€1**  
per week\*

**€50,000**  
in cash prizes  
every month

**SIGN UP IN YOUR  
LOCAL BRANCH TODAY!**

\*€13 per quarter will be debited from your account. Terms and conditions apply.  
Member First Credit Union is regulated by the Central Bank of Ireland.

# REPORT OF THE CHAIRPERSON & CEO

Dear Members,

As Chairperson and CEO of Member First Credit Union, it is our honour to welcome you to the Annual Report, reporting on the changes and financial performance of our Credit Union for the year ending 30th September 2022. At the time of going to print, we have been hearing of threats for a twindemic in the coming months arising from circulating flu and increasing cases of Covid-19 variants. Due to this uncertainty, and in the interest of everyone's safety, the Board of MFCU have opted to host another virtual AGM in order to ensure that we could provide updates to our members in a safe environment without fear of transmission of the virus.

For the last two years we have navigated our way through the Covid-19 pandemic, with our main objective being to ensure that our Credit Union remains a Strong, Safe and Secure Financial Institution in our community. Although the restrictions placed on Irish society by Covid-19 have eased, we still face significant challenges including the cost of living increases facing our members, the ongoing war in Ukraine, turbulence in the markets arising from instability in the political environment in the UK and high levels of inflation, all of which have placed new pressures on the resources of the Credit Union.

## Financial Performance

At the year end we are delighted to announce a successful financial performance for the year. The main income for MFCU is our loans and investments. In 2022, the loan interest received amounted to €8.7m, with total income amounting to €12.1m, an increase of 21.16% from 2021. Our reserves have grown from 15.2% in 2021 to 16.3% in 2022. From the accounts presented here, you will see that our Credit Union has achieved a significant surplus in the current year amounting to €3.8m. It should be noted however that much of this surplus is due to one off gains that will not be repeated in future years including a refund from the ILCU SPS fund and the sale of one of the branches. We are all aware of the improvements in the financial markets however MFCU has not benefited from these improvements yet as many

of our investments have not yet matured. For that reason the Board have taken the prudent decision to pay a dividend of 0.05% and an interest rebate on standard rate loans of 2% to our members.

## Community Involvement

As you all know MFCU has always been community driven. We are proud of our community organisations and the impact they have on our member's lives. Throughout the year we have continued to provide financial supports amounting to €147,198 to many sports, education, and social activities in the area. We'd like to acknowledge the achievements of all those who we support in the community and more details can be seen in the Community Report on the inside cover of this booklet.

## Lending opportunities

This year our Lending Department was exceptionally busy with 13,737 loans issued to the value of €52.9m growing our loan book to €105.2m. This is a growth of 4.89% in the last financial year. This is one of the largest loan books in a community-based Credit Union and is a significant achievement for the members of MFCU. Student loans, home improvement loans and holiday loans proved to be the most popular loans this year. Our mortgage loan book now amounts to €10.2m and represents 9.7% of our loan book.

Despite these successes MFCU is acutely aware of the impact the current financial environment may have on the future repayment capabilities of members. Our Credit Control department work to identify any repayment issues as early as possible and support our members experiencing financial difficulty in repaying their loans. The financial accounts include a bad debt provision of €4.9m which has been calculated using FRS102 Accounting Standards. This provision represents 4.71% of the loan book and has been determined following a full loan book review.

# REPORT OF THE CHAIRPERSON & CEO

*continued*

## Governance and Compliance

Good governance is at the heart of any successful business and within MFCU it is essential for our Credit Union to achieve its objectives and drive improvements. The Board utilised the functions of Risk Management, Compliance and Internal Audit to review all processes within MFCU and identify opportunities for improvement. Along with financial risks, the heightened threat to cybersecurity has also been an area of focus for these reviews which has led to regular system enhancements and training opportunities for all staff in the Credit Union.

## Savings

As advised previously, the influx of savings observed before and during Covid-19 has presented challenges to MFCU in recent years and culminated in a savings cap and a monthly lodgement cap being introduced last year. These actions have proven very successful in the current financial year with the increase in savings tapering off. In addition, recently, in light of the increasing living costs facing our members, an increase in share withdrawals has also been observed.

## Digital Transformation & Operational Efficiencies

As in previous years, the Senior Management Team undertook an extensive review of the branch performance in MFCU to ensure that the necessary resources are in place across the organisations. In recent times we have closed a number of our branches including Ayrfield and Marino. The Board are aware that some members may feel upset and annoyance at this decision but please be aware that it was not taken lightly. For the last few years the Board have been observing an upward trend in the number of members utilising digital platforms for carrying out their Credit Union business. This trend was accelerated during Covid-19 and with the introduction and enhancements of digital channels many of our members now prefer the convenience of applying for a loan from the comfort of their sofa or making payments via standing order and direct debits. This change in the behaviour of members has meant that electronic payments now account

for 83% of our overall transactions. Reviewing the branch network has enabled us to redeploy resources to our member services centre and our loans hub, two of the busiest areas in MFCU.

We are very proud of the personal and professional service that our staff deliver to our members. Our employees continue to be recognised by our members for their service, dedication and commitment as they continue to strive to achieve the necessary qualifications to ensure that they can assist our members with their financial requirements. All staff have completed their APA Loans (Accredited Product Advisor) qualifications, while others have also achieved Qualified Financial Advisor certification. We would like to extend our thanks to the CEO, the Management Team and all the staff for all their hard work over the last financial year.

On your behalf, we would also like to thank the Board of Directors and Board Oversight Committee for their time and work this year and especially acknowledge their flexibility in how meetings were conducted in virtual environments. The Board are also committed to Training and Education and have all completed, at a minimum the Certificate in Credit Union Governance and participated in regular CPD events throughout the year. The Board works extremely hard and diligently on your behalf and, while each year seems to bring new regulations which further challenges, they continue to work in the interest of all members.

## Strategic Plan

During the year an in-depth review of our Strategic Plan was undertaken. The focus of this plan is to ensure that MFCU can continue to grow and serve our members. The strategy is sensitive to the greater economical risk factors facing our Credit Union, but is primarily geared to act as a compass for the credit union over the coming years to continue our growth strategy for both services to our members and to increase our social impact for our members and on their community.

Member First Credit Union has experienced

# REPORT OF THE CHAIRPERSON & CEO

*continued*

immense success since its formation. We now hold assets of over €381.9m and offer our members in North Dublin a comprehensive range of competitively priced products in both physical and digital channels. We offer our members these services from an organisation that is civic minded, volunteer run, and has its members’ interests as its core. We have a proud heritage. We are proud of what we do. We are proud of what we have achieved. This strategy will guide us on the next chapter of our success and we look forward to implementing it.

## In conclusion

The current year has been yet another busy year for MFCU. The many changes seen in the Credit Union are having a positive impact on the way in which we deliver our services. The successes described here show the confidence

our members have in MFCU and for that we thank you. Although there are many challenges ahead, building the necessary financial and operational resilience is an essential objective of the board of Directors to ensure that future sustainability of MFCU.

Finally, we would like to acknowledge all our members who passed away during their year and offer our condolences to their families. We would like to thank you our members for your continued loyalty throughout 2022 and best wishes to all for the Christmas and New Year period and look forward to continuing to serve you in 2023.



**Gráinne Brennan**  
Chairperson



**Fiona Cunningham**  
CEO

## YOUR **BOARD OF DIRECTORS**

<b>Gráinne Brennan</b> <i>Chairperson</i>	<b>Valerie Mulvaney</b> <i>Secretary</i>	<b>Pascal Delahunty</b> <i>Vice Chair</i>
<b>Michael McKenna</b>	<b>Bridget Johnston</b>	<b>Olive McMahon</b>
<b>Eamonn Free</b>	<b>Catherine Bannon</b>	<b>Gene Boyd</b>

## YOUR **BOARD OVERSIGHT COMMITTEE**

<b>Helen Walker</b> <i>Chairperson</i>	<b>George Mongey</b> <i>Secretary</i>	<b>Kay Byrne</b>
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## Death Benefit Insurance Update



The Member Death Benefit Program is arranged by the Board of Member First Credit Union through our Insurance Intermediary CUNA Mutual Group Services. The program provides life cover on each Member who joins it and pays the full cost of his or her cover to the Credit Union. The resulting pay out following your death can help pay towards funeral expenses, outstanding debts, or simply to look after your loved ones. The program runs from 1<sup>st</sup> January to the 31<sup>st</sup> December each year. The cover is €2,300 upon your death. The cover was increased from €2,000 to €2,300 in 2020 without any additional charge to our members.

Regretfully, the Insurance providers of our Member Death Benefit Program have increased their pricing structure. This is the first time MFCU have had to increase the premium payable on the Member Death Benefit Program. Currently the rate you pay is €52.00 per annum for a benefit of €2,300 upon your death. The increase will bring it to a premium of €60.00 for a benefit of €2,300 upon your death. This is an increase of €8.00 which works out at an approx. extra 15 cent a week.

Should you wish to stay in the program, the program will auto renew for you once you have a minimum of €65 in your account. Should you wish to join the program, you can simply fill in the form in any of our Branches before 1<sup>st</sup> January 2023.

If you want to exit the program, simply provide us with a written cancellation instruction before 24<sup>th</sup> December 2022. The program does not have a cash or surrender value as the program runs from 1<sup>st</sup> January to the 31<sup>st</sup> December each year.

# DIRECTOR'S REPORT & FINANCIAL STATEMENTS

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# DIRECTOR'S REPORT

## Review of Business and Future Developments

The Directors are pleased with the financial results for the year. Despite the challenging and uncertain economic environment we are currently operating within, we delivered a strong performance with a positive income growth, continued cost discipline, and organic growth in capital ratios. The global macro-economic outlook has taken a downward turn following Russia's invasion of Ukraine, with high inflation and recession risks emerging. Whilst interest rate expectations have increased to manage inflation, fears of recession for key global economies have risen in tandem. Notwithstanding the global outlook, we remain positive on the prospects for the Irish economy, with GDP growth expected in 2023 and beyond. Notwithstanding the challenges presented by higher inflation and geopolitical uncertainty, the Board of Directors look forward to the remainder of 2022 and beyond with confidence.

The fundamentals of our business remains strong, underpinned by our solid balance sheet and robust capital base. Coupled with our strong member base and digital leadership, we are well positioned for the future, as we continue to tightly manage costs and execute our strategy at pace. The Directors recently undertook a review of the strategic direction of the Credit Union. It is imperative for the Credit Union sector to adapt and develop to meet rapidly changing member expectations. The on-going investment and enhancement in our digital capabilities is key to member engagement and satisfaction. To this end, the directors are committed to make significant investments to transform Member First Credit Union Limited, including our people, our systems and our business model, and to enhance services to our members. We are committed to modernising our systems, putting strong foundations in place across all our technology layers while improving efficiency and member experience. We also continued to transform the business model to create a leaner, simplified and more agile Credit Union. These investments and enhancements leverage our strong member relationships to offer the right products and services at the right time. We will continue to support our members and the communities that we serve.

We expect that trading in the coming year will be solid and very much dependent on the health of our local economy; we expect continued loan growth to boost our income; the initial move by the ECB in late July and September supports our investment income outlook; and the Board expect total income to increase over the next couple of years. We are satisfied that the finances of Member First Credit Union Limited are in very good shape, that our loans are well provisioned, our investments prudently invested, that we are well capitalised with strong reserves and that we are well able to fund our future plans.

## Authorisations

Member First Credit Union Limited maintains the authorisation to carry out foreign exchange transactions and to arrange insurance policies on behalf of its members.

## Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the statement of respective responsibilities of directors and auditors in the auditor's report to the members, is made with a view to distinguishing for the members, the respective responsibilities of the directors and of the auditors in relation to the 'financial statements'.

The Credit Union Act 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the credit union and of the income and expenditure of the credit union for that period. The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company for the financial year end date, of the profit or loss for that financial year and otherwise comply with the Credit Union Act 1997 (as amended). In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on a going

# DIRECTOR'S REPORT *continued*

concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union and to enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Directors are responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Principal risks and uncertainties

The principal risks and uncertainties facing the Credit Union are:

### i) Credit risk

The Directors have identified the risk of loan default as being the principal risk to the credit union. Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss.

### ii) Liquidity risk

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

### iii) Lack of demand for loans

The provision of loans to members is a key function of the credit union. The interest received from loans is the main source of revenue from which both operating costs are serviced and surpluses generated.

### iv) Investment portfolio performance

Is the risk both through the potential to loss of capital and/or insufficient rate of return.

### v) Operational risk

Is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

### (vi) Brexit Risk

Following the UK exit from the EU, ongoing uncertainty relating to the nature of the future trading relationship between the UK and EU could impact the markets in which the Credit Union operates including member confidence, credit demand, collateral values and customers' ability to meet their financial obligations and consequently the Credit Unions financial performance, balance sheet, capital and dividend capacity.

## These risks are managed by the Board as follows:

### i) Credit risk

In order to manage this risk the Board regularly reviews and approves the credit union's lending policy. All loan applications are assessed with reference to the lending policy. The credit union further protects against this risk by employing suitably qualified individuals to underwrite and assess loan applications. Subsequent to issuance, loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

### ii) Liquidity risk

The liquidity level of the credit union is monitored on a regular basis to ensure funds are maintained in short term deposits at all times so that it has sufficient cash to meet its obligations as they fall due.

### iii) Lack of demand for loans

The credit union offers a wide range of competitive lending products to its members. The products and service are promoted by regular marketing activities throughout the year. The need to increase demand for loans is balanced by the need to ensure that borrowers have the capacity to repay the amount borrowed.

### iv) Investment portfolio performance

The Board regularly reviews and approves the credit union's investment policy in which it sets out the types of investments within which the credit union can invest funds. A key factor for all



# DIRECTOR'S REPORT *continued*

investments is the need to balance the secure return of capital with the interest yield. Funds are invested in compliance with the credit union's policy and regulatory guidance.

v) Operational risk

The operational risk of the credit union is managed through the recruitment and employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and applied. This is further supported by a robust reporting structure and active management of operational risk events.

(vi) Brexit Risk

The Credit Union has established a comprehensive Brexit programme to identify, monitor and mitigate risks associated with various outcomes of Brexit. The Board receive regular update from the Senior Management Team on the potential impacts of Brexit for Member First Credit Union.

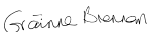
Post balance sheet events

There were no events after the balance sheet date which impact upon the financial statements.

Auditors

In accordance with Section 115 of the Credit Union Act 1997 (as amended), the auditors EisnerAmper Audit Limited offer themselves for election.

On behalf of the Board



**Gráinne Brennan**

Chairperson



**Eamonn Free**


Board Member

Date: 25 October 2022

Statement of Board Oversight Committees  
Responsibilities  
for the year ended 30 September 2022

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

On behalf of the Board Oversight Committee



**Helen Walker**

Board Oversight Committee

Date: 25 October 2022

# REPORT OF THE AUDITOR

Independent Auditor's Report to the Members of Member First Credit Union Limited for the year ended 30 September 2022.

## Opinion

We have audited the financial statements of Member First Credit Union Limited ('the Credit Union') for the year ended 30 September 2022, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law, including the Credit Union Act 1997 (as amended), 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 state of the Credit Union's affairs as at 30 September 2022 and of its income and expenditure and cashflows 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 described 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Credit Union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

## Other information

The directors are responsible for the other information. The other information comprises all 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

# REPORT OF THE AUDITOR *continued*

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.

## **Opinions 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:

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

## **Respective responsibilities**

### ***Responsibilities of directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities, 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 a 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.

### ***Further information regarding the scope of our responsibilities as auditor***

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.

# REPORT OF THE AUDITOR *continued*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## *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.



EisnerAmper Audit Limited  
Chartered Accountants, Statutory Audit Firm  
Carmanhall Road, Sandyford, Dublin 18

28 October 2022

# INCOME & EXPENDITURE ACCOUNT

for the year ended 30 September 2022

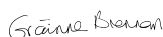
	Note	2022 €	2021 €
<b>INCOME</b>			
Interest on members' loans		<b>8,737,333</b>	8,367,361
Other interest and similar income	4	<b>1,740,846</b>	1,654,922
Interest payable on members' deposits	5	-	-
<b>Net interest income</b>		<b>10,478,179</b>	10,022,283
Exceptional income	7	<b>1,621,835</b>	-
Other income	8	<b>70,243</b>	24,286
Movement in fair value of 'other' investments to realised and unrealised reserves	12	-	(2,055)
<b>Total income</b>		<b>12,170,257</b>	10,044,514

## EXPENDITURE

Employment costs	9	<b>3,429,728</b>	3,273,161
Other management expenses (Schedule 1)		<b>3,908,325</b>	3,150,460
LP/LS Insurance		<b>1,054,194</b>	889,629
Central Bank Levies		<b>536,192</b>	448,007
Depreciation & Impairment Provision	11	<b>632,209</b>	399,158
Gains from disposal of fixed assets	11	<b>(198,721)</b>	-
Net impairment (gains) / losses on loans to members	14	<b>(1,063,620)</b>	(803,422)
Gains from disposal / revaluation of investment properties		-	(350,000)
<b>Total Expenditure</b>		<b>8,298,307</b>	7,006,993

<b>Surplus for the financial year</b>		<b>3,871,950</b>	3,037,521
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>3,871,950</b>	3,037,521

The financial statements were approved, and authorised for issue, by the Board on 25 October 2022 and signed on its behalf by:



**Gráinne Brennan**  
Chairperson  
Board of Directors



**Helen Walker**  
Board Oversight Committee



**Fiona Cunningham**  
Chief Executive Officer

# BALANCE SHEET

as at 30 September 2022

	Note	2022 €	2021 €
<b>ASSETS</b>			
Cash and cash equivalents	10	<b>57,136,477</b>	59,157,939
Deposits and investments	12	<b>219,004,134</b>	225,509,072
Loans to members	13	<b>105,239,220</b>	100,330,763
Provision for Bad & Doubtful Debts	14	<b>(4,960,574)</b>	(5,371,686)
Prepayments, other debtors and accrued income due within one year	15	<b>1,702,473</b>	1,426,733
Prepayments, other debtors and accrued income due after one year	15	<b>162,184</b>	-
Tangible fixed assets	11	<b>3,616,562</b>	4,687,865
<b>Total Assets</b>		<b>381,900,476</b>	385,740,686
<b>LIABILITIES</b>			
Members' shares	16	<b>(305,047,587)</b>	(312,662,923)
Members' deposits	17	<b>(12,390,046)</b>	(13,196,518)
Creditors and accruals	18	<b>(2,134,564)</b>	(1,424,916)
<b>Total Liabilities</b>		<b>(319,572,197)</b>	(327,284,357)
<b>Total Assets less Total Liabilities</b>		<b>62,328,279</b>	58,456,329
<b>RESERVES</b>			
Regulatory reserve		<b>38,590,588</b>	38,590,588
Operational risk reserve		<b>1,693,303</b>	1,543,327
General reserve		<b>21,894,405</b>	18,334,614
Unrealised reserve		<b>149,983</b>	(12,200)
<b>Total Reserves</b>		<b>62,328,279</b>	58,456,329

The financial statements were approved, and authorised for issue, by the Board on 25 October 2022 and signed on its behalf by:



**Gráinne Brennan**

Chairperson  
Board of Directors



**Helen Walker**

Board Oversight Committee



**Fiona Cunningham**

Chief Executive Officer

Date: 25 October 2022

# STATEMENT OF CHANGES IN RESERVE

for the year ended 30 September 2022

	<b>Regulatory Reserve</b>	<b>Operational Risk Reserve</b>	<b>Realised Reserves</b>	<b>Unrealised Reserves</b>	<b>Total Reserves</b>
	€	€	€	€	€
<b>Opening balance at 1 October 2021</b>	38,590,588	1,543,327	18,334,614	(12,200)	58,456,329
Total comprehensive income for the year	-	-	3,871,950	-	3,871,950
Transfer to operational risk reserve	-	149,976	(149,976)	-	-
Transfer from unrealised reserves to realised reserves	-	-	(162,183)	162,183	-
<b>Closing balance at 30 September 2022</b>	<b>38,590,588</b>	<b>1,693,303</b>	<b>21,894,405</b>	<b>149,983</b>	<b>62,328,279</b>

- (1) The regulatory reserve of the credit union as percentage of total assets as at 30 September 2022 was 10.10% (2021: 10.00%) which is in excess of the credit union's regulatory reserve requirement of 10%.
- (2) The operational risk reserve as at the 30 September 2022 was €1,693,303 (2021:€1,543,327). In this regard, the Board approved an increase in the operational risk reserve of €149,976 following the completion of an internal process to estimate the credit union's operational risk reserve requirement.

# CASH FLOW STATEMENT

for the year ended 30 September 2022

	2022	2021
	€	€
<b>Cash flows from operating activities</b>		
Cash & investments introduced from Trinity Credit Union	-	27,897,979
Loans repaid by members	<b>47,667,109</b>	48,819,854
Loans granted to members	<b>(52,994,194)</b>	(55,465,164)
Loan interest received	<b>8,737,333</b>	8,367,361
Investment income received	<b>1,740,846</b>	1,654,922
Other income received	<b>1,692,078</b>	24,286
Bad debts recovered & impaired cash flows	<b>1,071,136</b>	1,057,353
Dividends & Interest Rebate paid	-	(1,181)
Operating expenses including employment costs	<b>(9,560,648)</b>	(8,160,415)
Movement in other assets and liabilities	<b>(874,362)</b>	7,701,085
<b>Net cash flows from operating activities</b>	<b>(2,520,702)</b>	31,896,080
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(232,906)</b>	(1,101,708)
Disposal of investment property	<b>700,000</b>	1,080,000
Net cash flows from other investing activities	<b>8,453,955</b>	(30,422,098)
<b>Net cash flows from investing activities</b>	<b>8,921,049</b>	(30,443,806)
<b>Cash flows from financing activities</b>		
Members' savings received	<b>91,373,716</b>	100,673,245
Members' savings withdrawn	<b>(99,795,525)</b>	(87,807,609)
<b>Net cash flows from financing activities</b>	<b>(8,421,809)</b>	12,865,636
<b>Net increase in cash and cash equivalents</b>	<b>(2,021,462)</b>	14,317,910
Cash and cash equivalents at beginning of year	<b>59,157,939</b>	44,840,029
<b>Cash and cash equivalents at end of year</b>	<b>57,136,477</b>	59,157,939



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2022

## 1. LEGAL AND REGULATORY FRAMEWORK

Member First Credit Union Limited is established under the Credit Union Act 1997 (as amended). The credit union is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, modified to include certain items at fair value. The financial reporting framework that has been applied in their preparation is FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as issued by the Financial Reporting Council.

### 2.2 Currency

The financial statements are prepared in Euro (€), which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Euro.

### 2.3 Going concern

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

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

### 2.4 Income Recognition

#### *Interest on members' loans*

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

#### *Investment income*

Investment income is recognised on an accruals basis using the effective interest rate method.

#### *Other income*

Other income such as commissions receivable on insurance products and foreign exchange services

arises in connection to specific transactions. Income is recognised on an accruals basis.

#### *Refund of SPS Contribution*

Refund of the SPS Contribution is recognised on an accruals basis.

### 2.5 Dividends to members and interest on members' deposits

#### *Interest on members' deposits*

Interest on members' deposits is recognised on an accruals basis using the effective interest method.

#### *Dividends on shares and loan interest rebates*

Dividends and loan interest rebates are made from current year's surplus or reserves 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 credit union recognises dividends and loan interest rebates when approved at the Annual General Meeting.

The rate of dividend and loan interest rebate recommended by the board will reflect inter alia:

- the Board's responsibility to ensure that members' savings are safeguarded;
- the credit union's regulatory reserve requirements;
- the macro economic environment and the returns available for similar savings products in the Irish financial services sector;
- the Board's desire to maintain dividends at a sustainable level on an ongoing basis; and
- members' legitimate dividend interest and loan rebate expectations.

### 2.6 Taxation

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

### 2.7 Cash and cash equivalents

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

# NOTES TO THE FINANCIAL STATEMENTS

*continued*

## 2.8 Financial instruments

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

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

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

## 2.9 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 assets include the following:

### *i) 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.

### *ii) Deposits and investments held at amortised cost*

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

impairment in the value of the investment.

### *iii) Prepayments*

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

## 2.10 Other financial assets

### *i) Investments held at fair value*

The credit union initially recognises its other investments at fair value. At the end of each reporting period, the credit union measures these investments at fair value and recognise changes in fair value in profit or loss. The credit union uses the following hierarchy to estimate the fair value of these investments:

**Level 1 fair values.** The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

**Level 2 fair values.** When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

**Level 3 fair values.** If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

# NOTES TO THE FINANCIAL STATEMENTS

*continued*

## 2.11 Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the expected cash flows discounted at the asset's original effective interest rate. Losses expected from future events are not recognised.

If there is objective evidence of impairment, loss is recognised in the income and expenditure account immediately. Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- significant financial difficulty of the member or investment issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the credit union, for economic or legal reasons relating to the member's or investment issuer's financial difficulty, granting a concession that the credit union would not otherwise consider;
- it has become a probable that the member or investment issuer will enter bankruptcy or other financial reorganisation; and
- observable data indicating that there has been a measurable decrease in the estimate future cash flows from a group of loans.

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

### *Investments are assessed for impairment individually*

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The

reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Income and Expenditure account.

## 2.12 De-recognition of financial assets

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the credit union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the credit union, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

## 2.13 Basic financial liabilities

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

i) Members' shares, deposits and money management accounts

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

ii) Creditors

# NOTES TO THE FINANCIAL STATEMENTS

*continued*

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

## 2.14 De-recognition of financial liabilities

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

## 2.15 Tangible fixed assets and depreciation

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

- Freehold land and buildings, 2% per annum
- Lease Amortisation, 4% per annum
- Leasehold Premises, 10% per annum
- Computer Equipment, 25% per annum
- Fixtures and fittings, 10-25% per annum
- Motor Vehicles, 20% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Income and Expenditure account.

## 2.16 Impairment of tangible fixed assets

At each reporting end date, the credit union reviews the carrying value of its tangible fixed 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 the fair value of the asset less costs to sell and the asset's value in use ("VIU"). VIU is the present value of the future cash flows expected to be derived from the asset. In assessing VIU, the estimated future cash flows to be derived from continuing use of the asset and from its ultimate disposal 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.

## 2.17 Leases

Leases entered into by the Credit Union as a lessee, are primarily operating leases. The total fixed payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

## 2.18 Investment Properties

The credit union initially measures investment properties at cost comprising the purchase price and any directly attributable expenditure. Investment properties whose fair value can be measured reliably are measured at fair value at

# NOTES TO THE FINANCIAL STATEMENTS

*continued*

year end with changes recognised in profit and loss.

## 2.19 Employee Benefits

### *Pension Scheme*

The credit union operates a defined contribution pension scheme for staff. There are no liabilities for pension benefits under the defined contribution pension scheme, other than contributions payable as a proportion of employees' salaries in respect of each year.

### *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.

Termination benefits are recognised immediately as an expense when the Credit Union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## 2.20 Reserves

### *i) Regulatory reserve*

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

### *ii) Operational risk reserve*

In accordance with section 45 of the Credit Union Act 1997 (as amended) the credit union established an operational risk reserve which is separate, distinct and in addition to the reserves the credit union is required to hold in its Regulatory reserve. The amount held in the operational risk reserve is the predicted impact of operational risk events that may have a material impact on the credit union's business.

### *iii) General reserves*

General reserves are the accumulated realised surpluses to date.

*iv) Non-distributable investment income reserve*  
Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet

date is classified as "non-distributable" and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.

## 2.21 Transfers of engagements

Transfers of engagement are accounted for by using the purchase method of accounting in accordance with Section 19 'Business Combinations and Goodwill' of FRS 102. This involves recognising assets and liabilities of any transferor credit union at fair value plus any costs directly attributable to the business combination. The value of member interests transferred by Member First Credit Union Limited (the Transferee Credit Union) to the former members of the transferor credit unions represents the consideration for the assets transferred.

## 3. 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 its 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:

### *i) Impairment losses on loans to members*

The credit union's accounting policy for impairment of financial assets is set out in accounting policy in Note 2.11. 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 and loss is identified, assessed and measured through the application of the Credit Union's accounting policy. The estimated methodology used to apply this policy incorporates provisions calculated based upon:

# NOTES TO THE FINANCIAL STATEMENTS

continued

## a) Grouped assessment – Transition rate methodology

The transition rate methodology determines, for a defined period, the pattern or trend of deterioration (or “transition”) or improvement of loans for a given arrears profile to a period at which loss on the loan (100% provision) is deemed to have occurred (arrears of 91 days or more).

This observable historical deterioration pattern is used to determine transition rates and thereafter Probabilities of Default rates (“PD”) which are applied to the net loan balance of loans (i.e. gross loans net of attached savings), at a point in time, to determine the appropriate provision for bad and doubtful debts at that time.

## b) Individually significant loans

Having calculated a loan provision using the transition rate assessment, an additional assessment is undertaken upon loans considered individually significant and loans deemed unsuitable for the transition rate assessment. Individually significant loans are assessed for objective evidence of impairment. Where objective evidence of impairment is identified, a discounted cash flow (“DCF”) is performed to determine a revised net present value for these loans.

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. 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. 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.

ii) *Determination of depreciation, useful economic life and residual value of tangible fixed assets*

The annual depreciation charge depends primarily on the estimated useful economic life of each type of asset and, in certain circumstances, estimates of residual values. The Directors review the useful lives on an annual basis and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

## 4. OTHER INTEREST AND SIMILAR INCOME

	2022	2021
	€	€
Investment income and gains received by 30 September	886,130	776,845
Investment income and gains receivable within 12 months of 30 September	854,716	878,077
<b>Total interest and similar income</b>	<b>1,740,846</b>	<b>1,654,922</b>

## 5. INTEREST PAYABLE ON MEMBERS’ DEPOSITS

	2022	2021
	€	€
The interest expense for the credit union comprises of interest payable on deposits, and was as follows for the current and prior year:		
<b>Interest payable for the year</b>	-	-
Interest rate:		
Members’ deposits	0%	0%

## 6. DIVIDENDS AND LOAN INTEREST REBATES

The dividend and any loan interest rebate are formally proposed by the Directors after the year end and are confirmed at an AGM of the members. As a result the proposed dividend for

# NOTES TO THE FINANCIAL STATEMENTS

continued

the current year does not represent a liability at the Balance Sheet date and the dividend included in the Statement of Changes in Reserves in the current year relates to dividends paid to members in relation to the prior year.

The dividends and loan interest rebate for the current and prior year periods were as follows:

	2022	2021
	€	€
<b>Dividend paid during the year</b>	-	1,181
Dividend rate		
Members' shares (gross)	0.00%	0.00%

<b>Proposed dividends</b>	181,831	-
Dividend rate		
Members' shares (gross)	0.05%	0.00%

## Interest Rate Rebate paid during the year

Interest Rebate	-	-
Interest Rebate Rate	0%	0%

## Proposed Interest Rate Rebate

The directors recommend the following loan interest rebates:

Interest Rebate	110,371	-
Interest Rebate Rate	2%	0%

## 7. EXCEPTIONAL INCOME

	2022	2021
	€	€
ILCU SPS Credit	1,621,835	-
	<b>1,621,835</b>	-

The Irish League of Credit Unions at its Annual General Meeting on 23 April 2022 approved an amendment to Rule 4 of the rules of the Stabilisation Protection Scheme 2020 to include a fourth purpose "the stabilisation of the sector as a result of the deficit in the ILCU pension funds and other recent environment factors and permits a payment from the SPS Fund to be made to all

affiliated credit unions, such payments to be made in 2022 only in the amount of €80.9 million pro rata to credit unions based on asset size at 30 September 2021". Member First Credit Union's allocation of the fund equated to €1,621,835.

8. OTHER INCOME	2022	2021
	€	€
Insurance Commission	52,095	13,151
Foreign Exchange Income	11,470	3,659
New Member Fees	1,188	1,218
Bill Pay and Coin Charges & Statement Fees	5,490	6,258
<b>Total other income</b>	<b>70,243</b>	<b>24,286</b>

## 9. EMPLOYEES AND EMPLOYMENT COSTS

### 9a. Number of employees

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Management	25	26
Other Staff	47	42
<b>Total</b>	<b>72</b>	<b>68</b>

9b. Employment Costs	2022	2021
	€	€
Wages and salaries	2,861,697	2,840,135
Social security costs	304,735	289,889
Contributions to defined contribution pension scheme	147,296	143,137
Exceptional Costs - Irish League of Credit Unions (ILCU) defined benefit pension exit costs	116,000	-
<b>Total employment costs</b>	<b>3,429,728</b>	<b>3,273,161</b>

Member First Credit Union were advised during the year that Marino Credit Union Limited previously participated in the Irish League of Credit Unions Republic of Ireland Pension

# NOTES TO THE FINANCIAL STATEMENTS

*continued*

Scheme. This is a funded defined benefit scheme with assets managed by the Scheme's trustees. Member First Credit Union were not advised of this during the transfer of engagement process in 2020 with Marino Credit Union. On 31 March 2022, the defined benefit scheme closed to future accruals. At the date of closure of the scheme, there was a past service deficit which was allocated to each individual credit union based on the total benefits earned by staff in each credit union. Marino Credit Union Limited's allocation of that past service deficit is €116,000. This total cost is included in the Income & Expenditure account for the year ended 30 September 2022. Member First Credit Union also exited the Scheme during the year and as such, MFCU were required to pay to the trustees the exit amount which the trustees determine is required to fund benefits in respect of the pensioner members on a "no risk" basis. Member First Credit Union thereby has extinguished any future liabilities and are no longer members of the scheme.

Short term deposits with banks are deposits with original maturity of less than or equal to three months. All other deposits with banks are included under deposits and investments in the Balance Sheet and disclosed in Note 12.

## 9c. Key management personnel

The remuneration of key management personnel was as follows:

	2022	2021
	€	€
Short term employee benefits	1,470,032	1,412,904
Contributions to defined contribution pension scheme	110,616	100,730
<b>Total key management personnel compensation</b>	<b>1,580,648</b>	<b>1,513,634</b>

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

## 10. CASH & CASH EQUIVALENTS

	2022	2021
	€	€
Cash balances	5,323,901	8,188,518
Short term deposits with banks	51,812,576	50,969,421
<b>Total cash &amp; cash equivalents</b>	<b>57,136,477</b>	<b>59,157,939</b>



# NOTES TO THE FINANCIAL STATEMENTS

continued

## 11. TANGIBLE FIXED ASSETS

Tangible fixed assets comprise the following property, plant and equipment:

	Freehold Premises	Leasehold Premises	Office Equipment	Motor Vehicles	Computer Equipment	Total
	€	€	€	€	€	€
<b>Cost</b>						
At 1 October 2021	11,271,768	1,229,870	1,546,481	17,751	2,168,529	16,234,399
Additions	86,090	647	78,771	-	67,398	232,906
Disposals	(700,000)	-	-	-	-	(700,000)
At 30 September 2022	<b>10,657,858</b>	<b>1,230,517</b>	<b>1,625,252</b>	<b>17,751</b>	<b>2,235,927</b>	<b>15,767,305</b>

### Depreciation

At 1 October 2021	7,492,007	966,177	1,185,329	9,467	1,893,554	11,546,534
Charge for year	129,019	10,929	112,559	3,551	143,657	399,715
Disposals	(28,000)	-	-	-	-	(28,000)
Impairment	232,494	-	-	-	-	232,494
At 30 September 2022	<b>7,825,520</b>	<b>977,106</b>	<b>1,297,888</b>	<b>13,018</b>	<b>2,037,211</b>	<b>12,150,743</b>

### Net Book Value

At 30 September 2022	2,832,338	253,411	327,364	4,733	198,716	3,616,562
At 30 September 2021	3,779,761	263,693	361,152	8,284	274,975	4,687,865

### Net Book Value (leased assets included above)

At 30 September 2022	-	253,411	-	-	-	-
At 30 September 2021	-	263,693	-	-	-	-

The Directors reviewed the carrying value of the credit union's principal tangible fixed assets, its premises, at the financial year-end to determine whether there is any indication that it has suffered an impairment loss. As set out in the credit union's accounting policy, 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). FRS 102 Section 27 defines "Recoverable Amount" as the higher of fair value less cost to sell and VIU. In the case of premises, fair value less cost to sell would normally be the amount obtainable from the sale of the premises in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. During the year, the Directors sold the building located at 1D Griffith Avenue, Dublin 9. This has resulted in a gain on disposal of €198,721 being recognised in the income and expenditure account.

The Directors commissioned freehold valuations for the buildings held in Artane and Swords dated 22 September 2022 respectively from Flynn & Associates (MIAVI) estate agents. These valuations indicate that there is no evidence of permanent impairment of these properties required at the end of the year. The Directors also commissioned a freehold valuation for the building held in Trinity and Ayrfield respectively from FH Estates. These valuations were dated 30 September 2022. These valuation indicated that an impairment review was required as the carrying value in the accounts was less than the recoverable amount. This has resulted in an impairment charge of €232,494 being recognised in the income and expenditure account.

# NOTES TO THE FINANCIAL STATEMENTS

continued

## 12. DEPOSITS AND INVESTMENTS

Deposits and investments at the current and prior Balance Sheet date have been classified as either basic or other financial instruments and are measured at amortised cost or fair value as appropriate and comprised of the following:

	2022	2021
<b>Basic Financial Instruments</b>	€	€
Accounts in Authorised Credit Institutions (Irish and Non-Irish based)	<b>74,995,000</b>	80,645,000
Bank Bonds	<b>61,198,913</b>	56,968,189
Government Bond	<b>20,300,102</b>	27,087,658
Central Bank minimum deposits	<b>5,492,569</b>	10,490,675
<b>Total investments at amortised cost</b>	<b>161,986,584</b>	175,191,522

### Other Financial Instruments

Other - Structured Bonds	<b>57,017,550</b>	50,317,550
<b>Total investments at fair value (Level 3)</b>	<b>57,017,550</b>	50,317,550

### Total Investments

<b>(Basic &amp; Other)</b>	<b>219,004,134</b>	225,509,072
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	2022	2021
<b>Other Financial Investments - Fair Value</b>	€	€
Cost	<b>57,013,200</b>	50,317,550
Capital Guaranteed	<b>57,013,200</b>	50,317,550
Fair Value (Fair Value Hierarchy - Level 3)	<b>57,017,550</b>	50,300,000

### Estimation of fair values

#### Level 3

'The level 3 fair value for investment products classified as 'other investments' is based on valuations received from Irish credit institutions using valuation techniques, for example discounted cashflow models. The changes in fair value reflected above are attributable solely to changes in market conditions.

Set out below is summary of the credit union's investment portfolio, analysed by the credit rating of deposit/investment counterparty:

### Credit rating of deposit/investment counter party:

	2022	2021
	€	€
<b>Basic Financial Instruments</b>		
A	<b>132,932,934</b>	126,013,000
Baa	<b>29,053,650</b>	49,178,522
	<b>161,986,584</b>	175,191,522

### Other Financial Instruments

A	<b>57,017,500</b>	50,317,550
	<b>57,017,500</b>	50,317,550

# NOTES TO THE FINANCIAL STATEMENTS

continued

## 13. LOANS TO MEMBERS

	<b>Mortgage Loans</b>	<b>Unsecured Loans</b>	<b>Total</b>	<b>Mortgage Loans</b>	<b>Unsecured Loans</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	€	€	€	€	€	€
As at 1 October	<b>8,345,286</b>	<b>91,985,477</b>	<b>100,330,763</b>	6,215,244	87,919,595	94,134,839
Transfer from TOE	-	-	-	-	6,902,588	6,902,588
Advanced during the year	<b>2,755,500</b>	<b>50,238,694</b>	<b>52,994,194</b>	3,167,000	45,395,576	48,562,576
Repaid during the year	<b>(881,184)</b>	<b>(46,785,925)</b>	<b>(47,667,109)</b>	(1,036,958)	(47,782,896)	(48,819,854)
Loans written off	-	<b>(418,628)</b>	<b>(418,628)</b>	-	(449,386)	(449,386)
<b>Gross loans to members</b>	<b>10,219,602</b>	<b>95,019,618</b>	<b>105,239,220</b>	8,345,286	91,985,477	100,330,763
<b>Loan Provision</b>						
Individually significant loans	<b>(101,992)</b>	-	<b>(101,992)</b>	(408,537)	-	(408,537)
Grouped assessed loans	-	<b>(4,858,582)</b>	<b>(4,858,582)</b>	-	(4,963,149)	(4,963,149)
<b>Loan Provision</b>	<b>(101,992)</b>	<b>(4,858,582)</b>	<b>(4,960,574)</b>	(408,537)	(4,963,149)	(5,371,686)
<b>As at 30 September</b>	<b>10,117,610</b>	<b>90,161,036</b>	<b>100,278,646</b>	7,936,749	87,022,328	94,959,077

Member First Credit Union Limited offer mortgages to its members. All mortgages issued by Member First Credit Union Limited are secured by a first legal charge as outlined in the terms and conditions of the mortgage product. There are maximum amounts set out by the regulations in terms of the maximum amount a member can borrow from the credit union. €500,000 (net) is the maximum mortgage loan that a member can borrow from the credit union as set out in the mortgage policy.

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

# NOTES TO THE FINANCIAL STATEMENTS

continued

## Credit quality of loans

	Amount 2022 €	Proportion of loan book 2022 %	Amount 2021 €	Proportion of loan book 2021 %
<b>Non-impaired loans</b>				
Neither past due nor impaired	80,996,381	77%	74,760,334	75%
Up to 4 weeks past due	17,883,028	17%	17,839,225	18%
Between 5 and 8 weeks past due	2,928,719	3%	3,233,623	3%
Between 9 and 12 weeks past due	381,955	1%	778,003	1%
<b>Impaired loans</b>				
Between 13 and 16 weeks past due	609,247	1%	1,190,613	1%
Between 17 and 20 weeks past due	342,320	0%	377,530	0%
20 or more weeks past due	2,097,570	2%	2,151,434	2%
<b>Total gross loans</b>	<b>105,239,220</b>	<b>100%</b>	<b>100,330,763</b>	<b>100%</b>
<b>Less: Loan provisions</b>				
Individually significant loans	(101,992)		(408,637)	
Grouped assessed loans	(4,858,582)		(4,693,049)	
<b>Total provisions</b>	<b>(4,960,574)</b>		<b>(5,371,686)</b>	
<b>Total carrying value</b>	<b>100,278,646</b>		<b>94,959,077</b>	

Factors that are considered in determining whether loans are impaired are discussed in Note 3, dealing with estimates. Loans which are neither past due nor impaired are reviewed on a monthly basis. The credit union has not identified any material matters which impact upon the credit quality of these assets.

# NOTES TO THE FINANCIAL STATEMENTS

continued

## 13. LOANS TO MEMBERS continued

	Mortgage Loans	Unsecured Loans	Total	Mortgage Loans	Unsecured Loans	Total
	2022	2022	2022	2021	2021	2021
	€	€	€	€	€	€
Description of collateral held as security						
Total gross loans	10,219,602	95,019,618	105,239,220	8,345,286	91,985,477	100,330,763
Attached savings	(47,423)	(38,523,583)	(38,571,006)	(49,154)	(38,736,569)	(38,785,723)
Estimated value of security	34,742,500	-	34,742,500	31,304,375	-	31,304,375

## 14. PROVISION FOR BAD & DOUBTFUL DEBTS

	2022	2021
	€	€
As at 1 October	5,371,686	5,276,145
Transfer in on TOE	-	290,996
Increase/(decrease) in provisions during the year	(411,112)	(195,455)
<b>As at 30 September</b>	<b>4,960,574</b>	<b>5,371,686</b>

## Net impairment gains on loans to members

	2022	2021
	€	€
Bad debts recovered	(773,263)	(722,273)
Impairment of loan interest on impaired loans	(297,873)	(355,080)
Increase/(decrease) in loan provisions during the year	(411,112)	(195,455)
Loans written off	418,628	449,386
<b>Net impairments on loans to members losses/gains</b>	<b>(1,063,620)</b>	<b>(803,422)</b>

# NOTES TO THE FINANCIAL STATEMENTS

continued

## 15. PREPAYMENTS, OTHER DEBTORS AND ACCRUED INCOME

	2022	2021
	€	€
Prepayments	818,302	332,542
Accrued investment income	854,716	878,077
Accrued loan interest income	191,639	216,144
	<b>1,864,657</b>	<b>1,426,733</b>

Prepayments, other debtors and accrued income are analysed as follows"

Due within 1 year	1,702,473	1,426,733
Due after 1 year	162,184	-
	<b>1,864,657</b>	<b>1,426,733</b>

## 16. MEMBERS' SHARES

	2022	2021
	€	€
As at 1 October	312,664,924	270,337,329
Acquired via transfer of engagements	-	29,611,584
Received during the year	81,358,069	89,991,363
Withdrawn during the year	(88,973,406)	(77,277,352)

<b>As at 30 September</b>	<b>305,047,587</b>	<b>312,662,924</b>
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Members' shares are repayable on demand except for shares attached to loans. Attached and unattached shares are as follows:

	2022	2021
	€	€
Unattached shares	266,311,018	273,877,201
Attached shares	38,736,569	38,785,723

<b>Total members' shares</b>	<b>305,047,587</b>	<b>312,662,924</b>
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Consequently, €266,311,018 of members' shares are repayable on demand.

## 17. MEMBERS' DEPOSITS

	2022	2021
	€	€
As at 1 October	13,196,518	11,855,916
Acquired via Transfer of Engagements	-	1,188,977
Received during the year	10,015,647	10,681,882
Withdrawn during the year	(10,822,119)	(10,530,257)
<b>As at 30 September</b>	<b>12,390,046</b>	<b>13,196,518</b>

### Members' deposits maturity analysis

	2022	2021
	€	€
< 3 months	12,390,046	13,196,518
3-6 months	-	-
6-12 months	-	-
> 1 year	-	-
Total as at 30 September	<b>12,390,046</b>	<b>13,196,518</b>

## 18. CREDITORS AND ACCRUALS

	2022	2021
	€	€
DIRT	-	-
PAYE/PRSI	172,786	157,924
Trade creditors	11,141	9,889
Car draw	102,650	86,694
Other creditors and accruals	1,847,987	1,170,409
	<b>2,134,564</b>	<b>1,424,916</b>

# NOTES TO THE FINANCIAL STATEMENTS

*continued*

## 19. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

### 19a. Financial risk management

Member First Credit Union Limited is a provider of personal, business and mortgage loans and also provides savings products to its members. The credit union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the credit union and provide a reasonable return to members on shares and deposits. The credit union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the credit union.

The main financial risks arising from Member First Credit Union Limited 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 Member First Credit Union Limited, resulting in financial loss to the credit union. In order to manage this risk the Board approves the credit union's credit policy, and all changes to it. Loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed. Credit risk information on members' loans is disclosed in Note 13.

The Credit Union complies with section 12 of the Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016. This regulation:

- restricts the concentration of lending by the Credit Union within certain sectors or to connected persons or groups;
- restricts the absolute amount of lending to certain sectors to a set percentage of the regulatory reserve;
- restricts the loan duration of certain loans to specified limits; and

- requires specified lending practices to be in place where loans are made to certain sectors such as commercial loans, community loans and loans to other credit unions.

The credit union's cash at banks and investments are also exposed to credit risk and the credit union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank. The credit ratings of the financial institutions where investments are held are disclosed in Note 12.

#### *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. The credit union's liquidity ratio as at 30 September 2022 was 31.45% (2021: 33.27%).

#### *Market risk:*

Market risk is generally comprised of interest rate risk, currency risk and other price risk. Member First 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 is the risk that future cash flows of a financial instrument fluctuate because of a change in market interest rates. The credit union manages interest rate risk via its business model of maintaining the vast majority of its liabilities as non-interest bearing (i.e. member shares).

The credit union receives variable interest income from its loans to members, a combination of variable and fixed interest income from its deposits and investments and pays fixed interest on its members deposits accounts. Dividends are also payable to members but these do not constitute interest payments. The credit union is not exposed to any material interest rate risks relating to the mismatch of interest rates on its financial assets and liabilities. The credit union's

# NOTES TO THE FINANCIAL STATEMENTS

continued

main interest rate risk relates to its exposure to low yielding money market and bond products which are currently available in the current low interest rate environment. Consequently, the credit union's investment income has decreased during the year.

Set out below is a sensitivity analysis for the credit union's interest rate risk disclosing the impact on profit or loss and total reserves for a 10% increase and 10% decrease in interest rates on its investment portfolio. The interest income on members' loans has not been adjusted on the basis that interest rates do not tend to vary.

	Actual	Interest Rate (+10%)	Interest Rate (-10%)
	2022	2022	2022
	€	€	€
Investment income	<b>1,740,846</b>	<b>1,914,931</b>	<b>1,566,761</b>
Surplus for the financial year	<b>3,871,950</b>	<b>4,046,034</b>	<b>3,871,950</b>
Total reserves	<b>62,328,279</b>	<b>62,502,364</b>	<b>61,980,110</b>

## 19b. Interest rate risk disclosures

	Amount 2022 €	Average Interest Rate 2022 %	Amount 2021 €	Average Interest Rate 2021 %
<b>Financial Assets</b>				
Gross loans to members	<b>105,239,220</b>	<b>8.9%</b>	100,330,763	9.2%
<b>Financial Liabilities</b>				
Members' shares	<b>305,047,587</b>		312,662,923	
Members' deposits	<b>12,390,046</b>	<b>0%</b>	13,196,518	0%
	<b>317,437,633</b>	<b>-</b>	325,859,441	-



# NOTES TO THE FINANCIAL STATEMENTS

*continued*

## 19c. Liquidity risk disclosures

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

## 19d. Fair value of financial statements

Member First Credit Union Limited has a number of other financial instruments which are required to be accounted for under FRS 102 at fair value. See note 11 for further details.

## 20. CAPITAL

The credit union maintains sufficient reserves to buffer the credit union against unforeseen losses. The credit union's regulatory reserves are in excess of the minimum requirement set down by the Central Bank, and are 10.0% of the total assets at the balance sheet date. The credit union's total capital reserves at 30 September 2022 were €62.3m (2021: €58.4m) (16.3% of total assets).

## 21. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no adjusting or non adjusting events after the end of the reporting period which would require disclosure in the financial statements.

## 22. CONTINGENT LIABILITIES

Member First Credit Union Limited had no contingent liabilities at the current or prior balance sheet date.

## 23. CAPITAL COMMITMENTS

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

## 24. RELATED PARTY TRANSACTIONS

(i) Disclosures required by FRS 102

### Loans

During the year loans were advanced to Directors and the management team of the credit union (to include their family members or any business in which the directors or management team had a significant shareholding) in the amount of €545,439 (2021: €2,113,649). These loans were approved in accordance with the credit union's lending policy and the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. The loans

outstanding from these parties at 30 September 2022 were €2,034,535 (2021: €1,726,551). These loans amounted to 1.93% of total gross loans outstanding at 30 September 2022 (2021: 1.72%). There were no provisions held against the loans due from the Directors and the management team at the current or prior Balance Sheet date.

### Shares

The total amount of savings held by related parties at the year end was €148,820 (2021: €253,086).

(ii) Disclosures required by Section 47(1)(b) of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016

Total loans outstanding to Directors and the management team of the credit union (to include their family members or any business in which the directors or management team had a significant shareholding) at 30 September 2022 were €2,034,535 (2021: €1,726,551). These loans amounted to 1.93% of total gross loans outstanding at 30 September 2022 (2021: 1.72%).

## 25. OPERATING LEASE COMMITMENTS

There are commitments to operating leases in relation to branch premises for Member First Credit Union Limited.

	2022	2021
	€	€
Within 12 months	19,004	12,989
1 to 5 years	45,445	36,365
After 5 years	-	-
<b>Total</b>	<b>64,449</b>	<b>49,354</b>

## 26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board on 25 October 2022.

# NOTES TO THE FINANCIAL STATEMENTS

*continued*

## Non-statutory Financial Information

	2022	2021
SCHEDULE 1 - OTHER MANAGEMENT EXPENSES (UNAUDITED)		
	€	€
Rent, Rates & Service Charges	214,587	435,134
Printing & Stationery	35,272	41,729
Conventions, Meetings & Seminars	15,861	3,482
Education & Training	59,233	48,703
General Insurances	113,407	68,376
Repairs & Maintenance	(53,217)	153,359
Computer & Equipment Maintenance	1,174,548	798,533
ISO Costs	10,360	18,925
Postage and Telephone	91,075	106,230
Audit & Accountancy	117,729	147,737
AGM Expenses	25,467	36,324
Security	150,478	118,454
Travel Expenses	5,748	2,813
CCC Legal fees	210,841	211,782
Legal & Consultancy fees	294,886	248,994
Advertising, Promotion and Market Research	270,137	174,591
Light & Heat	96,457	82,523
Uniforms & Staff Development	1,019	19,361
Bank Interest & Charges	125,780	171,160
Affiliation Levies & SPS	138,426	130,867
Shorts & Overs	2,247	458
Sundry Expenses	21,801	22,884
Community Development Expenses	147,198	108,041
Provision for Swords rectification works	638,985	-
<b>Total per Income and Expenditure Account</b>	<b>3,908,325</b>	<b>3,150,460</b>

The above information does not form part of the statutory financial statements and consequently is not audited.

# MFCU Climate Action Plan

One of the primary purposes of a Credit Union is to provide for the future. Providing for the future could be as simple as saving for the proverbial rainy day. Sadly the ever increasing toll that climate change is bringing upon the world means that the proverbial rainy day has turned into more frequent extreme weather periods that impact us globally for more than just a day.

As a community based Credit Union our commitment has always been to provide for a better today and a better tomorrow for our Members, our Staff and our Community. This commitment is why we support positive action against negative climate change, and why we will continue to promote and do all we can to combat climate change.

As a Credit Union we have started to help our environment by doing simple things such as:

- Established an internal Climate Change Group to facilitate climate change dialogue and exchange ideas
- Encouraged Staff to be energy efficient by switching off appliances that are not in use
- Reduced paper usage and aiming to eventually become paper free
- Installed LED energy efficient lights and sensor lighting in our branches
- Facilitated remote working and remote meetings to save on travel
- Ensure our branches are set up to be as energy efficient as possible
- Enhanced our Mobile App to allow members to transact 24/7 digitally and with the luxury of not having to leave their homes
- Increased the size and resources of our Digital Hub to make it easier for members to contact us remotely and conduct transactions online
- For branches with garden areas we are planting pollinating friendly plants

Our future plans to combat climate change and be as energy efficient as possible will see us;

- Installing solar panels on some of our branches to power ourselves
- Installing bicycle racks so members can if they wish, cycle to their branch and securely lock their bike while they conduct their transactions
- Providing Green Loans at a special rate to help our members and sponsoring a tree for each green loan

As a member of our Credit Union, you can help us combat climate change and become more energy efficient by:

- Sharing tips with us on how you help combat climate change
- Use our online banking and Mobile App facilities to cut down on paper and travel
- Sign up for email notifications, this would allow us email regulatory notices and documents like our AGM notification and this Annual Report to you, instead of printing it out and having it delivered to your address. If you would like to sign up to email notification, please email our Data Protection Officer at [dpo@mfcu.ie](mailto:dpo@mfcu.ie)

**Like all our email consents, you can withdraw your consent at anytime by simply emailing [dpo@mfcu.ie](mailto:dpo@mfcu.ie).**

# COMMITTEE REPORTS

*from your Board of Directors*

- 43** Board Oversight Committee Report
- 44** Audit Committee Report
- 45** Risk Committee Report
- 46** Nomination & Governance Committee Report

# BOARD OVERSIGHT COMMITTEE REPORT

The Board Oversight Committee is an independent body elected at the AGM. Our duties are to assess, evaluate and report on whether the Board of Directors has operated in accordance with Part IV and Part IVA of the Credit Union Act 1997.

The committee met once a month, attended sub committee meetings and were represented at all Board meetings through the year. These meetings were conducted both in house and via Teams and were conducted in accordance with the Credit Union and Governance Standards set out by Central Bank.

We reviewed the Board four times this year under Governance, Strategy, Risk and Financials. Our committee had no occasion to bring any major issues to the Board attention.

The Board Oversight Committee and all Directors on the Board, attended training throughout the year and all attained the necessary CPD points to meet the standards required by Member First Credit Union as set out in its Fitness and Probity policy.

The Management and Board work together to make informed decisions to ensure that Member First Credit Union remains a strong and safe Credit Union.

The Board Oversight Committee is satisfied that the Board of Directors of Member First Credit Union have acted in the best interest of its members by maintaining the strategic Objectives of the Credit Union and continues with good governance.

## Board Oversight Committee

Helen Walker  
Committee Chairperson

George Mongey  
Committee Secretary

Kay Byrne  
Committee Member

# End-to-End Online Loans

## NO MORE BRANCH VISITS

loan paid directly to your bank account

**Apply today online or over the phone**

# AUDIT COMMITTEE REPORT

The principal function of the Audit Committee as set out in the Audit Committee Charter, is oversee the financial reporting process, the systems of internal controls, and all audit related matters of the Credit Union on behalf of members.

## Tasks completed during the year

### Internal Audit

- The Audit Committee approved the Internal Audit Work Plan for 2022. The Audit Committee requested input from the Senior Management Team in response to Covid 19 and the implications on internal control structures.
- The Audit Committee monitored the implementation of the Audit Plan and assessed the outcomes of the audit process having regard to findings, recommendations, and management responses. The Committee also assessed the implementation of the agreed corrective actions by management, having regard to follow up audits.
- The Audit Committee undertook a review of the Internal Audit function's performance. They considered the effectiveness of the internal audit function, adequacy of resources, experience and expertise and deemed these to be satisfactory for the credit union's current needs.

### External Audit

- External Auditors presented a clean 2022 audit to the Board of Directors and confirmed that

internal controls were strong and there were no concerns or recommendations they wished to bring to the attention of the Audit Committee.

### Reporting to the Board

- The Chairperson of the committee provided regular updates to the Board on the committee's activities including formal quarterly written updates.

### Committee Meetings

- The Committee met on a number of occasions during the year. The CEO, Deputy CEO, Risk and Compliance Officers, Internal and External Auditors attended these meetings as appropriate.
- Meetings covered all areas of the committee's responsibilities and thereby enabled the committee to discharge its duties effectively.

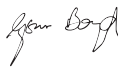
The Audit Committee is satisfied that its activities during the year supported the delivery of its responsibilities as set out above. In the opinion of the committee the financial control environment of the credit union is robust, and sufficient personnel with appropriate expertise have been employed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

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## Audit Committee



Olive McMahon  
Committee Chairperson



Gene Boyd  
Committee Member



Bridget Johnston  
Committee Member

# RISK COMMITTEE REPORT

The Risk Committee is appointed annually by the Board of Directors to oversee and advise the Board of Directors on the current and future risk exposures of the Credit Union and in conjunction with the Risk Management Officer, provides oversight of Member First Credit Union's Risk Management System.

The role of the Risk Committee is to promote a strong risk management awareness and culture within Member First Credit Union. Understanding the risks, the Credit Union is exposed to enables the Board of Directors to make better and more informed decisions and improve the level of service and security for our members

Risk management is now at the core of the strategic objectives of the Credit Union. The link between risk, strategy and growth has become important to the operation of the Credit Union.

The key objectives of the Risk Committee in 2022 were:

- Embedding risk awareness and a strong risk

culture in the Credit Union.

- Reviewing the Risk Management Framework to ensure risk is managed, monitored, recorded and reported in the Credit Union.
- Ensuring that the Risk Register contains all known risks and is maintained and updated on an on-going basis.
- Review monthly reports issued directly to the Board by the Risk Management Officer, and
- Fully adhering to legislation, regulation and Central Bank recommendations.

The main objective of the Member First Credit Union Board of Directors, Management Team and Staff is the protection of our members' shares.

The Risk Management Committee continues to work closely with the Management Team and Risk Management Officer to ensure that the systems and controls which are in place, are maintained and developed to mitigate all risks identified.

## Risk Committee

Michael McKenna  
Committee Chairperson

Gene Boyd  
Committee Member

Eamonn Free  
Committee Member

Pascal Delahunty  
Committee Member

# MFCU Mobile App

**View Balances**

Check your account balances anytime, anywhere

**Instant Login**

Enhanced security, simple access with fingerprint & facial recognition\*

**Transfer Funds**

Lodge & withdraw money at the touch of a button

scan here with your smartphone camera to download now

\* feature depends on phone compatibility

# NOMINATION & GOVERNANCE COMMITTEE REPORT

The Nomination & Governance Committee is appointed by the Board and is responsible for two key areas.

## Governance

Good governance is essential for our Credit Union to achieve its objectives and drive improvements, as well as maintain legal and ethical standing in the eyes of our member, regulators and the wider community. Throughout the year the Committee further enhanced the Governance structures within MFCU through the adoption of a Governance Framework which covers how our Credit Union is managed and controlled. It covers seven principles including accountability, transparency and openness, integrity, stewardship, efficiency, and leadership.

## Nominations

The committee also continued their ongoing review of the composition of the Board of Directors in 2022 to ensure that it has the right skills, diversity and experience in place for the effective oversight of Member First Credit Union. The competence and capability of both the individual Board members and the collective ability is vital to successfully navigate MFCU through the challenges encountered by the Credit Union and developing an appropriate strategy for the future of MFCU.

The Board of Directors have adopted a minimum standard of education for all Directors

and throughout the year each Director also participated in continuous professional development online at conferences, roadshows, training seminars and lectures. At this point in time all of our Directors have at least a Certificate in Credit Union Governance. Additional skills also on the Board include a Qualified Financial Advisor, other Financials professionals and people with Governance, Risk, Investment and Strategic Planning experience.

The committee are also responsible for identifying candidates to be appointed to the Board. Under the Credit Union Act every candidate to be nominated for appointment as a member of the Board of Directors shall be proposed through the Nominations Committee only. No person shall otherwise be put forward for election or seek election at the AGM.

The Committee must ensure that the prospective candidates meet the competency requirements of MFCU and satisfy the Fitness and Probity requirement of the Central Bank of Ireland. This standard ensures that all Board members are capable and competent, are financially sound and have the appropriate skills, experience and integrity to manage and govern the Credit Union. We would encourage anyone interested in the role of a Director to contact the Credit Union for details around the competency requirements for the role.

# APARTMENT OR 3-BED SEMI?

Check out a **MORTGAGE** from the Northside's favourite credit union!

Lending criteria, terms & conditions apply. Member First Credit Union Ltd. is regulated by the Central Bank of Ireland.



**WARNING:** If you do not meet the repayments on your credit agreement, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future.



# NOMINATION & GOVERNANCE COMMITTEE REPORT *continued*

## Notice of Elections

Under the Act the terms of office of the following members has expired and the said committee members are seeking re-election. The Nomination Committee proposes the below mentioned for election by the members.

Candidate: <b>Gráinne Brennan</b>	Role: <b>Director</b>	Term of Office: <b>3 years</b>
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Gráinne Brennan has been involved in Credit Unions for over 15 years. She previously sat on the Board of Directors of Donnyrneary Beaumont & District Credit Union and joined the Board of MFCU following that merger. She has completed the Advanced Certificate in Credit Union Practice and the Certificate in Credit Union Governance. She works as a Chief Medical Scientist and has experience in Risk Management, Audit and Strategic Planning. She has experience on all committees in the Credit Union and currently sits on the Remuneration and Nominations Committee and is Chairperson of the Board of Directors.

Candidate: <b>Pascal Delahunty</b>	Role: <b>Director</b>	Term of Office: <b>3 years</b>
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Pascal Delahunty is a retired Bank Manager and has been involved on the Board of Directors for four years. He has a Diploma in Applied Finance and a Certificate in Credit Union Governance. His experience in the banking sector has been well utilised since he joined the Board and he currently sits on the Credit, Risk and Investment Committees and is Vice-Chairperson of the Board of Directors.

Candidate: <b>Eamonn Free</b>	Role: <b>Director</b>	Term of Office: <b>3 years</b>
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Eamonn Free is a retired Civil Servant who worked for the Revenue Commissioners. He joined the Board of Directors in 2019 and has since completed the Certificate in Credit Union Governance. Prior to joining the Board of MFCU, Eamonn gained experience in CANA Credit Union where he was Chairperson and also has IT experience. He currently sits on the Risk and Investments Committees.

Candidate: <b>Olive McMahon</b>	Role: <b>Director</b>	Term of Office: <b>3 years</b>
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Olive McMahon has in excess of 10 years of experience in Credit Unions. Prior to joining the Board of Directors she sat on the Board Oversight Committee of Donnyrneary Beaumont & District Credit Union. She has completed the Advanced Certificate in Credit Union Practice and the Certificate in Credit Union Governance. In her professional life she has experience in office administration and customer services and currently sits on the Audit Committee.

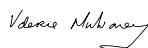
Candidate: <b>George Mongey</b>	Role: <b>Board Oversight Committee</b>	Term of Office: <b>3 years</b>
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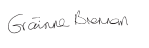
George Mongey has a number of years experience in the Credit Union. Since joining the Board Oversight Committee of MFCU he has completed the Credit Union Advisor, Credit Union Governance and Credit Union Compliance Certificates and has also attained the Advanced Certificate in Credit Union Practice. He currently works in the Civil Service and is Secretary on the Board Oversight Committee.

Candidate: <b>EisnerAmper Audit Limited</b>	Role: <b>Auditor</b>	Term of Office: <b>1 year</b>
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Signed by the Nominations Committee:

  
Michael McKenna

  
Valerie Mulvaney

  
Gráinne Brennan

  
Pascal Delahunty

# WANT TO JOIN MFCU?

**To improve queuing times branches, we are trialling an appointments system for new members in Artane. Below are all the options for new members.**

1

## Join us online

Join us online, anytime and enjoy all the great benefits of membership.

*scan  
here to  
join online*



2

## Make an appointment

New members are now by appointment only in our Artane branch.

*scan here to make  
an appointment*



3

## Visit another branch

For now, all other MFCU branches still accept walk-in membership applications.

*scan here for  
opening hours*





# PROTECTING YOUR FAMILY



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INSURANCE**

**LIFE  
INSURANCE**

**TRAVEL  
INSURANCE**

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We believe that insurance should work in your favour. That's why we have created really affordable and fair insurance that puts you first. We get you the right cover, that's easy to buy, and easy to understand.

**HOME INSURANCE** - We guarantee to work every year to get you the lowest offer from our panel of insurance providers, ensuring the cost of your home cover doesn't automatically rise every year.

**LIFE INSURANCE** - Our term life insurance offers the most affordable cover you'll find. We won't be beaten on price, we guarantee to match any premium plus the first month is free.

**TRAVEL INSURANCE** - Our travel insurance is always affordable, kids go free and we include covid cover at no extra cost. Plus no matter what your age we will always insure you.

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