



# Creating **Brighter** Futures



**Annual Report 2018**



# Mission Statement

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

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## **Investment Advisors**

Goodbody  
Ballsbridge Park  
Ballsbridge  
Dublin 4

## **Auditor**

Grant Thornton  
Mill House  
Henry Street  
Limerick

## **Solicitor**

Arthur Cox  
Ten Earlsfort Terrace  
Dublin 2  
D02 T380

## **Bank**

AIB Bank  
Lower Baggot Street  
Dublin 2

# Report of Board of Directors

On behalf of the board of directors, it is my pleasure to present the Annual Report of Savvi Credit Union for the year ended 30th September 2018. This Report also contains a message from our Chief Executive Officer (CEO) which covers the financial and operational elements of the credit union.

## CONSOLIDATION AND TRANSFORMATION

Our financial year ended 30th September 2018 was a landmark one for our credit union, in which we underwent momentous change, with both a new corporate identity and a new flagship branch in Dublin's Docklands. The subsequent 12 months have been a period of progress and consolidation in which our journey to "banking without banks" has continued. New products, improvements to member services and rebranding of our branch network have been major parts of this journey.

We were delighted to be invited to recount our transformation story at the World Council of Credit Unions (WOCCU) Annual Conference in July last. The positive reaction we received from delegates, with our strategy and vision being heralded as a model for other credit unions, was a reminder to me of the tremendous achievement we have behind us, and the exciting future ahead.

## COMMUNITY

Community has always been at the heart of our credit union. It is something that separates us from our competitors and something we must nurture as our organisation grows. On opening our doors in the Docklands, we faced several challenges, among them how to integrate our credit union with this new community we found ourselves in.

Significant strides have been made in the initial 12 months. Our Money at Work offering to businesses has gained immediate traction, providing access to thousands of potential members over the coming years. In addition, many novel initiatives have taken place in our flagship office to reach out to the community, with wellness, business, art, food, etc. as the focus. We are positioning Savvi as both welcoming and relevant, which is critical to our long-term success.

Our strategy of bringing together the previously separate entities that now make up Savvi Credit Union has underpinned our work throughout our transformation. This was further progressed in 2018 with the roll out of the new Savvi corporate identity in our Ringsend and Pearse Street branches.

## FINANCIAL PERFORMANCE

The credit union delivered a solid financial result for the year ended 30th September 2018. While we were able to maintain our share of the lending market, a low appetite for personal loans, coupled with low yields on our investments, made the

operating environment in 2018 a very challenging one. This was compounded by the continuing regulatory restrictions on longer term lending.

However, the good news is that the Central Bank is working towards easing these limits over the coming financial year which should have a positive impact on our future financial performance. That said, 2019 will be one of the more challenging years for the sector.

## HIGHLIGHTS:

Total Income, at €7.996m, was down 18.1% compared with 2017. Expenditure of €7.229m was in line with our planned forecast and, as with 2017, reflects once-off expenditure related to our transformation strategy.

Our loan book grew by almost 0.5% to €67.101m. Our balance sheet is strong, with Total Net Assets of €372.2m and Reserves at €50.9m. Our surplus at €0.767m is in line with expectations. Our CEO, Robert Cooper, will comment in detail on our financial performance as part of his Report to you.

## MEMBER SERVICES

Ever conscious of the need to both improve our services to existing members and to appeal to potential members, we have set IT as the central pillar of our transformation strategy in 2018/19. This year brought an enhanced website, with online member and loan application functionality.

Our 5.6% Just for You and Be Savvi loans were introduced. The coming 12 months will see our IT investment deliver significant additions to our suite of products, ensuring that we engage with members in a manner that suits their lifestyles and meets their expectations.

## STRATEGIC RENEWAL

Our vision of "Banking without banks" – that no member will ever need to visit a bank again to satisfy their financial services' needs – continued to guide our transformation strategy and activities throughout 2018. That vision can only be realised if we continuously revise and adapt the strategy set out in 2013 to meet changing internal and external developments. Given the many regulatory and collaborative changes and opportunities in prospect, it is appropriate that another strategy renewal programme takes place in 2019.

**Valerie Little**  
President



### **RISK MANAGEMENT**

In last year's Annual Report, the Chair of our Risk and Compliance Committee highlighted a breach of our long-term lending limit which took place in June of 2017.

We have been working assiduously to correct this inadvertent breach since it came to light. Measures have been put in place to ensure such a breach cannot occur again and we are hopeful of returning to within the regulatory limit during the 2019 financial year.

The scale of the numbers involved do not represent a material risk to the functioning, financials or stability of the credit union. We remain in constant contact with the regulator on this matter. The Board continues to ensure that a risk management culture is fostered within Savvi Credit Union to manage risks that may impact on its strategic objectives.

### **CORPORATE GOVERNANCE**

Strong corporate governance remains one of my key priorities. In this regard, we maintain an ongoing continuous improvement programme under the supervision of Board.

At the end of each year the Central Bank of Ireland requires that we provide it with an Annual Compliance Statement which outlines our level of governance compliance under Part IV of the Credit Union Act and any other regulations made under Part IV of the 1997 Act.

We also had a supervisory visit from the Registrar of credit unions during the autumn and we will work through any findings once received.

### **BOARD EFFECTIVENESS**

As Chairman, one of my most important tasks is to ensure effectiveness in all aspects of the Board's role and to ensure that it has the right balance of skills, experience and outlook to meet the changing needs of the credit union and to provide maximum support and challenge to management.

In 2018 we undertook an external evaluation of the Board and, during this review, the evaluator commented on the notable commitment of our volunteer Board members whom I would now like to thank for their dedication.

The review included a survey, one to one interviews with Board members and senior management, all culminating in a

special meeting of Board to discuss the findings. These findings will inform a set of key action plans for 2019 and beyond.

### **ANNUAL GENERAL MEETING**

The decision was taken to revert to the traditional Friday evening for our next Annual General Meeting in response to feedback from members. The AGM will take place in the Convention Centre, Spencer Dock, North Wall Quay, Dublin 1 on Friday, 11th January 2019 at 6pm.

As ever, this is your opportunity to communicate your views or questions on any aspect of the credit union, which exists purely to serve its members. We welcome questions or comments either in person on the day or in advance through our website [www.savvi.ie](http://www.savvi.ie).

### **DIVIDEND AND INTEREST REBATE**

The Board will be recommending a dividend of 0.1% and an interest rebate of 2.5% to our Members at the Annual General Meeting on 11th January 2019.

The policy of rewarding both savers and borrowers in this manner has been in place for several years now and we believe it strikes an equitable balance for both constituencies. Subject to your approval at the AGM, dividends and rebates will be paid in the weeks following the AGM.

### **MEMBER INSURANCE**

Whilst Savvi Credit Union remains a strong financial institution with a robust balance sheet, our profit and loss (or 'surplus/deficit' in credit union parlance) forecasts look challenged for the year ahead, particularly as the investment markets returns remain negligible and as the regulations around longer-term lending will remain unchanged for most of the coming financial year. It is, therefore, incumbent on the Board to consider the management of costs and income potential.

Some years ago, when we considered our strategy, the future looked bleak with forecasts suggesting that the credit union would be running a deficit by 2018 if we continued as we were. It is a credit to previous Boards, management and members that a strategy was adopted and implemented that prevented such an occurrence and saw us return a reasonable profit this year despite the market fundamentals being against us. However, for the coming year, and the year beyond that, our financial forecasts are challenged.

The investment market returns remain stubbornly low and, as our investment portfolio represents approximately 80% of our income-generating assets, this challenges our income year-on-year. We would also forecast that the impact of any change to the lending limits will not positively impact our loan-income line for approximately two years. Therefore, we need to consider the costs side of the business. The two largest costs are staff and insurances. Staff costs in Savvi are managed very tightly and any further reduction in this area would likely see a commensurate reduction in member services, this is not something the Board could countenance.

Therefore, faced with a number of stark choices, the Board is looking closely at the costs of member insurances, namely the Death Benefit and the Share and Loan insurances. The cost of these insurances in the past financial year was €1,316,692 which is generally considered as unsustainable. Other credit unions already have either eliminated cover, reduced cover or moved to member-pay schemes.

As at the 30th September 2018, a decision-in-principle has been made by the Board that to best manage the operation of the business over the coming years, we would need to considerably reduce the expenditure in relation to the insurances. Whilst the Board recognises that this will not be a popular decision, it is one that is made with the interest of maintaining the financial sustainability of the credit union. Sometimes Boards need to make tough decisions for the longer-term benefit of members and this is one such.

The Board does not wish for the insurances to go to member-pay and it is deemed that the best way will be to reduce costs through a reduction in the cover provided. More details will be provided to members on this either before or at the AGM.

#### ACKNOWLEDGEMENTS

As you are aware, the unique credit union ethos, which we cherish so dearly, hinges on the commitment and dedication of our Non-Executive Directors, Board Oversight Committee, Agents, Special Advisors, Volunteers and Staff. I know that periods of transformation inevitably involve increased workloads which can test this commitment, so a special 'thank you' to you all this year.

In the year ended 30th September 2018, Stephen Walshe, who has been a director since November 2013, indicated his intention to step down from the Board at AGM 2019. Stephen has made an enormous contribution to the credit union, both as a Director, Secretary and Chair of the Audit Committee. I cannot thank him enough for all he has done for Savvi and extend our very best wishes to him. Since the year ending 30th September 2018, another of our directors, Caitriona Somers, has resigned owing to the size of her commitments within the financial services area. Caitriona's past experience as a chief executive within an international group and her independence of thought have been invaluable to Savvi in her two years with us.

We are deeply indebted to her and extend our very best wishes for the future. In relation to the Board Oversight Committee,

I wish to acknowledge Paddy Walsh who will be retiring as Secretary and a Member of the Committee at the Annual General Meeting. Paddy has made an excellent contribution during his tenure and I would like to extend my thanks and very best wishes to him.

#### CONCLUSION

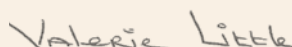
Despite the prevailing lending environment, the future for Savvi Credit Union is exciting and full of promise – as it is for the credit union movement. Two ringing endorsements from independent bodies over the course of 2018 are a reassurance that the credit union model is indeed delivering on its promise to its members. The prestigious RepTrak Report again placed credit unions as the most highly regarded organisation in the country, and well ahead of other financial services providers. This was followed by the annual CXi study, where for the fourth year running credit unions ranked ahead of all other brands for the customer experience they provide.

It is our members, colleagues, volunteers, management and staff who have built this enviable reputation and I want to express my sincere gratitude for their efforts in doing so.

If we continue to live up to the essence of our brand - earning the trust of members and serving those members in our unique way - our position at the heart of financial services in Ireland will only strengthen in the years to come.

Finally, I wish to thank you as a member for your unwavering support. I realise that the journey of change on which we have embarked has been unsettling for some. The trust you have placed in us as a Board to pursue a strategy which we believe is necessary for us to survive and thrive is deeply appreciated.

I look forward to us working together to make 2019 another successful year.



#### Valerie Little

Chairperson of the  
Board of Directors  
Date: 9th November 2018

### 56TH ANNUAL GENERAL MEETING

Date: Friday 11th January 2019

Time: Commencing at 6.00 pm

Venue: The Convention Centre Dublin  
Spencer Dock  
North Wall Quay  
Dublin 1

# Board of Directors 2018

**Valerie Little**  
Chair



**John McSweeney**  
Vice-Chair



**Catriona Somers**  
Secretary



**Stephen Walshe**



**Lorraine Malone**



**Sean Martyn**



**Dara Connolly**



**Lorna Heron**



**Vincent Murphy**



# Report of the Chief Executive Officer

## Journey to “banking without banks” continues

The last 12 months presented a difficult operating environment for our credit union, characterised by low returns on investments and depressed demand for personal loans. Fear of debt, coupled with uncertainty around the economic ramifications of a hard Brexit, has seen people more inclined to spend money from savings rather than borrowings. Moreover, the regulatory limits on longer-term lending have effectively excluded our credit union from the one relatively buoyant sector of the lending market over the past year – lending over 5-years. Notwithstanding the strictures of this operating environment which the Board and management were fully aware of, Savvi Credit Union delivered another solid financial performance. Some key points are as follows:

- The loan book grew marginally to €67.1m - a fair achievement given the limited lending capability available to us in that we were effectively restricted to lending within the short-term lending category only
- Number of Loan Applications at 4,216 represented a marginal increase of 0.72% year-on-year
- The Loan value of applications at €29.0m, whilst representing a decrease of 16% year-on-year, was ahead of forecasts by nearly 10% which was again a fair achievement given the limited lending capability
- Net Income of €7.9m, whilst representing a decrease of 18.15% year-on-year did exceed start-of-year forecasts by 12% or €888k
- Total Expenditure of €7.2m represents a positive decrease of 8.39% year-on-year and was broadly in line with forecasts
- 1,409 new members joined Savvi Credit Union. 662 of these members were aged between 20 & 40
- Distribution proposal of a dividend of 0.1% and loan-interest rebate of 2.5%, whilst a reduction on the previous year is a reasonable return given the market environment and the market comparators.

As members recognise, we are not simply a financial institution that measures success and member value by the financials alone. We are also judged on the amount of activity and benefit we bring back to our community. Over the last year, Savvi delivered value to our community in a host of ways, many of which are set out in the membership and marketing report, but it is worth highlighting both a significant investment in the refurbishment our Ringsend Branch which re-opened in late-August demonstrating our commitment to the local community and also that, collectively, over 2,000 members attended the Family Day at the Zoo in August and the Family Cinema Day last December.

### LONG-TERM LENDING UPDATE

Last year's Annual Report made reference to an inadvertent breach of regulatory long-term lending limits. Within the past year, we have worked ceaselessly to reduce our long-term lending from 16.7% to 15.8% of our loan book. This is something that can only be done through increasing the short-term lending. However, the weak market demand for loans in the 0-5 year category, which is the only effective market we can serve given the current regulations, has hampered our ability to reconfigure the loan book to within the 15% threshold

and within the intended timeframe but we see a return to within limit as achievable throughout the next financial year. On this matter, the Central Bank recently published a new consultation paper “Consultation on Potential Changes to the Lending Framework for Credit Unions” (CP125). In this paper, they publish a set of lending proposals for credit unions which will see the current limits removed and replaced with a much more accommodating framework which is more akin to how credit unions should be allowed to lend at this time. Changes of the nature proposed have been advocated by Savvi for a number of years and if implemented as set out are to be generally welcomed. However, the timeframe for implementation is not until the second half of 2019 so we will need to continue to work within the current framework which will see another challenging year ahead from a loan growth and business perspective.

### INVESTMENT ENVIRONMENT:

The investment environment for Credit Unions remains challenging and, while there is light at the end of the tunnel, it remains somewhat faint. Last June, the ECB signalled its intention to stop buying new bonds under its quantitative easing programme at the end of 2018. It also clearly reiterated that it would maintain its key interest rates at their current levels until at least the second half of 2019. So, it would appear that while the path for a recovery in longer-term bond yields and interest rates has been laid out, it will be a slow and shallow path to normalisation. This is important because our investment portfolio represents approximately 80% of our income-generating assets and with the investments market returns remaining stubbornly low, this challenges our income year-on-year. It is essential therefore that we continue to focus on loan growth and continue with the transformation strategy upon which we have embarked.

Coinciding with opening of our flagship branch at No. 56 Sir John Rogerson's Quay, we extended our suite of products with the introduction of the 'Just for You' loan for members at a preferential rate of 5.6% for a limited period of 56 days. This was a form of 'thank you' to members for their support as we undertook changes within the organisation. In addition, through our 'Be Savvi' switcher loan, we offered members the opportunity to reduce their personal credit with other financial institutions.

Our Money at Work business-to-business offering has been fundamental to our marketing strategy for the Docklands area with its 34,000 workers and 20,000 residents. It was born of a realisation that the Docklands is more a working environment than a social one, where the sense of community is driven in large part through work, through the employer. 12 blue chip employers signed up in the initial campaign, providing access to over 5,000 staff. Money at Work allows for face to face communication with these employees, enabling us to convey the credit union message in a far more persuasive way than through advertising.

### ONE BIG FAMILY

As our organisation has grown, and spread to multiple locations, we have been mindful to foster our culture of 'One Big Family', where the importance of all members and staff



**Robert Cooper**  
Chief Executive Officer



within Savvi Credit Union is recognised. Along with Our Family and Cinema days, there were multiple direct engagements with our community such as the Wellness Month hosted in May 2018 comprising events such as Mindfulness workshop to BMI Health checks to Healthy eating and laughing yoga along with many sub-office visits across the country are examples of the tangible expression of our approach to 'our family'.

### STAFF & AGENTS

Just as our member focus is a key differentiator from other financial services providers, so too is our commitment to our staff's training and development. This of course assumes greater significance in the prevailing tight labour market, where the main banks are scoring very poorly for staff investment.\*

The commitment from staff to our members, which we enjoy, is important to maintaining the ethos of personal care and service that we stand over. Our staff's work in the Docklands merits particular mention, as this was an area where we do not necessarily share roots with our potential members. Through our staff's involvement in the Tall Ships event, the South Dock Festival and through the various lunchtime events hosted in our flagship branch, we are rapidly nurturing the real sense of community and belonging in the Docklands which is central to our ethos and vital to our long-term success in the area.

Naturally, we continue to engage with all of the communities within our common bond through sub-office visits, roadshows and agent engagement along with sponsorship of sports clubs, social clubs and charities. And it must be mentioned that without the dedication, commitment and hard-work of our agents that operate across the country, the credit union would be a poorer place. Our members owe a debt of gratitude to them.

### SECTION 2: TRANSFORMATION STRATEGY & THE YEAR AHEAD

Our vision of banking without banks continues to be the lynchpin of our transformation strategy and our commitment to it is unwavering. In 2019, we will continue on our strategic programme, whilst continuously assessing the need to adapt our existing strategy of the changing environment around us. Given the ongoing impact of regulatory restrictions and the complexity of the IT need, we now see 2020/21 as a realistic timeframe for reaching our strategic end goal – that of providing our members with the complete range of financial services. In 2019, our transition strategy stands to be boosted on a number of fronts:

#### LENDING LIMITS

The strict limits on long-term lending have been an impediment to growth at Savvi Credit Union for a number of years. On foot of the recent consultation paper (CP125) mentioned above, we are confident that we will finally see an easing of rules over the coming year. Whilst the impact on the coming financial period will be negligible, implementation of the new framework promises to increase our lending capacity significantly. In the medium to long-term, this is a game-changer for credit unions assuming that they have the vision and competency to maximise the opportunity.

### COLLABORATION, CURRENT ACCOUNTS AND ENHANCED SERVICES

At the heart of our transformation strategy is the need to deliver contemporary as well as traditional banking solutions to both existing and potential members and sometimes it is a mix of the two that is needed given how members wish to interact with us in an increasingly mobile world. Investment in IT has seen the functionality of our website enhanced considerably over the last 12 months and this is work that will remain ongoing as technology continues to evolve.

But technology is only a channel through which services are provided. As previously advised, new regulations around current accounts for credit union members (MPCAS) were enacted recently. In the coming year we are planning to realise an IT dividend with the delivery of transactional capability for members through the provision of current accounts and debit cards. This will have been achieved through collaboration with other credit unions and is a direct response to members who have asked us to provide such services for a number of years.

Also on the collaborative theme, earlier this year Savvi Credit Union came together with a number of like-minded credit unions and in collaboration with Fexco, an independent Irish Financial Services entity, we looked at creating a Joint Venture vehicle for delivering new capital-intensive products and services in the most cost-efficient way possible. Much work remains in the establishment of the joint venture over the coming year but if successful, this promises to be another significant leap forward towards realising our vision and delivering significant enhanced services to members.

### THE CHALLENGES:

Challenges remain for the year ahead. The investment market environment does not support our current balance sheet structure and the existing credit union lending regulatory framework is not in line with our market's demand. Changes will happen in these spaces over the next couple of years but in the meantime, it requires a continuation of the serious effort going into growing the loan book and the tight management of costs. It may also necessitate some tough decisions, as outlined in our Chair's Report.

Trust and balance are the two words that have been most often used in my time here as CEO. "Trust" describes the unique relationship that we enjoy, and "balance" describes what we have to find in the thousands of decisions that are made in the credit union on behalf of all members. Although we often use terms such as 'Board', 'Staff', 'Management' and 'Agents' separately to 'Members' in communications, the reality is that we are all Savvi Credit Union members and we all strive to achieve what is best for the collective and for Savvi Credit Union.

Our 'membership' means that we belong. And it is this belonging that is the glue which will steer us through both rough and calm seas on our journey to banking without banks.

Thank you all for being on board as the journey continues.

**Robert Cooper**  
Chief Executive Officer

\*2018 Lafferty Banking 500 Index

# Directors' Report

For the financial year ended  
30th September 2018

The directors present their annual report and the audited financial statements for the financial year ended 30th September 2018.

## PRINCIPAL ACTIVITY

The principal activity of the business continues to be the operation of a credit union.

## AUTHORISATION

The credit union is authorised as follows:

- Entitled under the European Union (Payment Services) Regulations 2018 to provide payment services.

## BUSINESS REVIEW

The directors are satisfied with the results for the year and the year-end financial position of the credit union. The directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

## DIVIDENDS AND LOAN INTEREST REBATES

The surplus for the financial year is set out in the income and expenditure account on page 14. The directors are proposing a dividend in respect of the year ended 30th September 2018 of €307,490 (0.10%) (2017: €595,469 (0.20%)) and a loan interest rebate of €112,663 (2.50%) (2017: €333,300 (7.50%)).

## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the credit union are:

### CREDIT RISK

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.

### LACK OF LOAN DEMAND

Lending is the principal activity of the credit union and the credit union is reliant on it for generating income to cover costs and generate a surplus.

### MARKET RISK

Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates.

### LIQUIDITY RISK

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.

## OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events.

These risks are managed by the board of directors as follows:

### Credit risk

In order to manage this risk, the board of directors regularly reviews and approves the credit union's credit policy. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

### Lack of loan demand

The credit union provide lending products to its members and promote these products through various marketing initiatives.

### Market risk

The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

### 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.

### Operational risk

The operational risk of the credit union is managed through the employment of suitably qualified staff to ensure appropriate processes, procedures and systems are implemented and are further supported with a robust reporting structure.

## ACCOUNTING RECORDS

The directors believe that they comply with the requirements of Section 108 of the Credit Union Act, 1997 (as amended) with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function.

The books of account of the credit union are maintained

at the credit union's premises at 27-28 Herbert Place, Dublin 2.

#### EVENTS AFTER THE END OF THE FINANCIAL YEAR

There have been no significant events affecting the credit union since the year end.

#### AUDITORS

In accordance with Section 115 of the Credit Union Act, 1997 (as amended), the auditors Grant Thornton offer themselves for re-election.

This report was approved by the board on 9th November 2018 and signed on its behalf by:



**Valerie Little**

Chairperson of the  
Board of Directors

Date: 9th November 2018



**John McSweeney**

Member of the  
Board of Directors

Date: 9th November 2018

# Directors' Responsibilities Statement

## For the financial year ended 30th September 2018

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations. The directors are also responsible for preparing the other information included in the annual report. 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.

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;
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reason for any material departure from those standards; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The directors are responsible for ensuring that the credit union keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the credit union, enable at any time the assets, liabilities, financial position and income and expenditure of the credit union to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Credit Union Act 1997 (as amended) and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board on 9th November 2018 and signed on its behalf by:



**Valerie Little**

Chairperson of the  
Board of Directors

Date: 9th November 2018



**John McSweeney**

Member of the  
Board of Directors

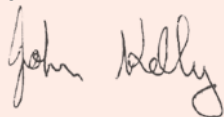
Date: 9th November 2018

# Board Oversight Committee's Responsibilities Statement

For the financial year ended 30th September 2018

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 of Ireland in respect of which they are to have regard to in relation to the board of directors.

This statement was approved by the Board Oversight Committee on 9th November 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Kelly', written in a cursive style.

**John Kelly**

Chair, Board Oversight Committee

Date: 9th November 2018

# Independent Auditors' Report

## to the members of Savvi Credit Union Limited

### OPINION

We have audited the financial statements of Savvi Credit Union Limited, which comprise the income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in reserves and the statement of cash flows for the financial year ended 30th September 2018, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law including the Credit Union Act, 1997 (as amended) and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, Savvi Credit Union Limited's financial statements:

- Give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the credit union's affairs as at 30th September 2018 and of its income and expenditure and cash flows for the year then ended; and
- Have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

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

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the credit union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### OTHER INFORMATION

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

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

If, based on the work we have performed on the other information, 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.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT 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 of the credit union;
- 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.

# Independent Auditors' Report

## to the members of Savvi Credit Union Limited (cont)

### RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

The auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes their 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.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgement and maintain professional scepticism throughout the audit. The auditor will 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 their 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.
- 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 directors' 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 they conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditors' 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 a true and fair view.

The auditor communicates 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 may be identified during the audit.

### THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the credit union's members, as a body, in accordance with section 120 of the Credit Union Act, 1997 (as amended). Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditors' 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.

#### Denise O'Connell

FCA for and on behalf of  
Grant Thornton  
Chartered Accountants  
& Statutory Audit Firm  
Mill House, Henry Street, Limerick

**Date:** 9th November 2018



# Accounts

For the year ended 30th September 2018

# Income and Expenditure Account

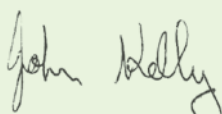
For the Financial Year Ended 30th September 2018

	Schedule	2018 €	2017 €
<b>INCOME</b>			
Interest on members' loans		4,473,519	4,376,214
Other interest and similar income	1	3,470,706	5,346,936
<b>Net interest income</b>		<b>7,944,225</b>	<b>9,723,150</b>
Other income	2	51,886	45,852
<b>Total income</b>		<b>7,996,111</b>	<b>9,769,002</b>
<b>EXPENDITURE</b>			
Employment costs		2,186,267	2,660,717
Other management expenses	3	4,864,049	4,900,824
Depreciation		369,356	229,578
Net impairment losses/(gains) on loans to members (note 5)		(190,530)	99,998
<b>Total expenditure</b>		<b>7,229,142</b>	<b>7,891,117</b>
<b>Surplus for the financial year</b>		<b>766,969</b>	<b>1,877,885</b>

The financial statements were approved and authorised for issue by the board on 9th November 2018 and signed on behalf of the credit union by:



Robert Cooper  
Chief Executive Officer  
Date: 9th November 2018



John Kelly  
Member of the Board Oversight Committee  
Date: 9th November 2018



Valerie Little  
Member of the Board of Directors  
Date: 9th November 2018

The notes on pages 19 to 29 form part of these financial statements.



# Statement of Comprehensive Income

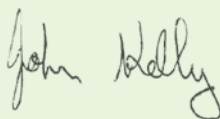
For the Financial Year Ended 30th September 2018

	2018 €	2017 €
Surplus for the financial year	766,969	1,877,885
Other comprehensive income	-	-
<b>Total comprehensive income for the financial year</b>	<b>766,969</b>	<b>1,877,885</b>

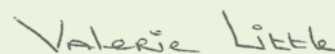
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Date: 9th November 2018

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# Balance Sheet

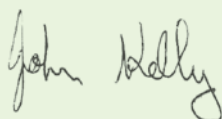
As at 30th September 2018

	Notes	2018 €	2017 €
<b>ASSETS</b>			
Cash and balances at bank		5,991,206	6,034,152
Deposits and investments – cash equivalents	7	65,145,376	101,891,959
Deposits and investments – other	7	233,574,369	189,385,049
Loans to members	8	67,101,244	66,807,710
Provision for bad debts	9	(6,855,585)	(6,970,585)
Tangible fixed assets	10	7,060,915	5,676,541
Prepayments and accrued income	11	169,753	171,480
<b>Total assets</b>		<b>372,187,278</b>	<b>362,996,306</b>
<b>LIABILITIES</b>			
Members' shares	12	313,002,134	303,374,111
Other member funds	13	4,376,780	4,258,758
Other liabilities, creditors, accruals and charges	14	3,915,683	4,309,206
Other provisions	15	38,720	45,066
<b>Total liabilities</b>		<b>321,333,317</b>	<b>311,987,141</b>
<b>RESERVES</b>			
Regulatory reserve	17	38,576,017	38,576,017
Operational risk reserve	17	2,173,946	1,334,822
Other reserves			
- Realised reserves	17	9,932,094	10,962,148
- Unrealised reserves	17	171,904	136,178
<b>Total reserves</b>		<b>50,853,961</b>	<b>51,009,165</b>
<b>Total liabilities and reserves</b>		<b>372,187,278</b>	<b>362,996,306</b>

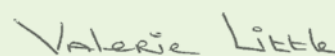
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Robert Cooper  
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Date: 9th November 2018



John Kelly  
Member of the Board Oversight Committee  
Date: 9th November 2018



Valerie Little  
Member of the Board of Directors  
Date: 9th November 2018

The notes on pages 19 to 29 form part of these financial statements.

# Statement of Changes in Reserves

For the Financial Year Ended 30th September 2018

	Regulatory Reserve €	Operational Risk Reserve €	Realised Reserves €	Unrealised Reserves €	Total €
<b>As at 1 October 2016</b>	<b>38,576,017</b>	<b>1,489,054</b>	<b>10,752,536</b>	<b>82,426</b>	<b>50,900,033</b>
Surplus for the financial year	-	-	1,764,255	113,630	1,877,885
Dividends and loan interest rebates paid	-	-	(1,768,753)	-	(1,768,753)
Other transfers	-	(154,232)	214,110	(59,878)	-
<b>As at 1 October 2017</b>	<b>38,576,017</b>	<b>1,334,822</b>	<b>10,962,148</b>	<b>136,178</b>	<b>51,009,165</b>
Surplus for the financial year	-	39,124	672,797	55,048	766,969
Dividends and loan interest rebates paid	-	-	(922,173)	-	(922,173)
Other transfers	-	800,000	(780,678)	(19,322)	-
<b>As at 30th September 2018</b>	<b>38,576,017</b>	<b>2,173,946</b>	<b>9,932,094</b>	<b>171,904</b>	<b>50,853,961</b>

- The regulatory reserve of the credit union as a percentage of total assets as at 30th September 2018 was 10.36% (2017: 10.63%).
- The operational risk reserve of the credit union as a percentage of total assets as at 30th September 2018 was 0.58% (2017: 0.37%).

The notes on pages 19 to 29 form part of these financial statements.

# Statement of Cash Flows

For the Financial Year Ended 30th September 2018

	Notes	2018 €	2017 €
<b>Opening cash and cash equivalents</b>		<b>107,926,111</b>	<b>95,437,533</b>
<b>Cash flows from operating activities</b>			
Loans repaid by members	8	28,539,857	28,102,678
Loans granted to members	8	(29,012,161)	(34,563,532)
Loan interest		4,473,519	4,376,214
Investment income		3,470,706	5,346,936
Bad debts recovered and recoveries		254,300	257,343
Other income		51,886	45,852
Dividends paid		(591,879)	(1,444,847)
Loan interest rebates paid		(330,294)	(323,906)
Operating expenses		(7,050,316)	(7,561,541)
Movement in other assets and liabilities		(398,142)	(234,815)
<b>Net cash flows from investing activities</b>		<b>(592,524)</b>	<b>(5,999,618)</b>
<b>Cash flows from investing activities</b>			
Fixed asset (purchases / disposals)	10	(1,753,730)	(2,637,355)
Net cash flow from other investing activities		(44,189,320)	12,964,149
<b>Net cash flows from investing activities</b>		<b>(45,943,050)</b>	<b>10,326,794</b>
<b>Cash flows from financing activities</b>			
Members' shares received	12	83,669,218	78,745,614
Members' budget accounts received	13	14,814,983	14,798,599
Members' shares withdrawn	12	(74,041,195)	(70,820,900)
Members' budget accounts withdrawn	13	(14,696,961)	(14,561,911)
<b>Net cash flow from financing activities</b>		<b>9,746,045</b>	<b>8,161,402</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(36,789,529)</b>	<b>12,488,578</b>
<b>Closing cash and cash equivalents</b>	6	<b>71,136,582</b>	<b>107,926,111</b>

The notes on pages 19 to 29 form part of these financial statements.

# Notes to the Financial Statements

For the Financial Year Ended 30th September 2018

## 1. LEGAL AND REGULATORY FRAMEWORK

Savvi Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the credit union is located at 27-28 Herbert Place, Grand, Dublin 2.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable Irish accounting standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and Irish statute comprising of the Credit Union Act, 1997 (as amended).

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Euro (€) which is also the functional currency of the credit union.

*The following principal accounting policies have been applied:*

### 2.2 Statement of compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

### 2.3 Going concern

After reviewing the credit union's projections, the directors have reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. The credit union therefore continues to adopt the going concern basis in preparing its financial statements.

### 2.4 Income

#### Interest on members' loans

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

#### Deposit and investment income

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

#### Other income

Other income is recognised on an accruals basis.

### 2.5 Investments

The specific investment products held by the credit union are accounted for as follows:

#### Held at amortised cost

Investments designated on initial recognition as held at amortised cost are measured at amortised cost using the effective interest method less impairment.

This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus, in the case of a financial asset, any reduction for impairment or uncollectability.

#### Central Bank Deposits

Credit unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the credit union but to which the credit union has restricted access.

The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the credit union while it is a going concern.

The amounts are stated at the amount deposited plus accrued income and are not subject to impairment reviews.

#### Investments at Fair Value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category.

Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The credit union adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the credit union.

# Notes to the Financial Statements (cont)

For the Financial Year Ended 30th September 2018

## 2. ACCOUNTING POLICIES (CONTINUED)

The carrying amount of the replaced part is derecognised.

Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold premises	2% straight line per annum
Fixtures and fittings	20% straight line per annum
Office equipment	25% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains' or 'other losses' in the income and expenditure account.

### 2.7 Impairment of tangible fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income and expenditure account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the 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.

### 2.8 Taxation

The credit union is not subject to income tax or corporation tax on its activities.

### 2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits and investments with a maturity of less than or equal to three months.

### 2.10 Financial assets – loans to members

Loans are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset has expired, usually when all amounts outstanding have been repaid by the member.

### 2.11 Provision for bad debts

The credit union assesses if there is objective evidence that any of its loans are impaired with due consideration of environmental factors.

The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Bad debt provisioning is monitored by the credit union, and the credit union assesses and approves its provisions and the adequacy of same on a regular basis.

Any bad debts/impairment losses are recognised in the income and expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

### 2.12 Other receivables

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

### 2.13 Financial liabilities – members' shares and members' deposits

Members' shares and members' deposits in Savvi Credit Union Limited 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.

#### 2.14 Holiday pay

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### 2.15 Pension costs

The credit union operates a defined contribution pension scheme. The assets of these schemes are held separately from those of the credit union in independently administered funds. Employer contributions to the pension scheme are charged to the income and expenditure account in the period to which they relate.

#### 2.16 Other payables

Short term other liabilities, creditors, accruals and charges are measured at the transaction price.

#### 2.17 Derecognition of financial liabilities

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

#### 2.18 Distribution policy

Dividends and loan interest rebates payments are made from the current year's surplus or reserves set aside for that purpose. The board's proposed dividends and loan interest rebates to members each year is based on the distribution policy of the credit union.

The rate of dividends and loan interest rebates recommended by the board will reflect:

- The risk profile of the credit union, particularly in its loan and investments portfolios;
- The board's desire to maintain a stable rather than a volatile rate of dividend each year; and
- Members' legitimate dividend and loan interest rebate expectations;

all dominated by prudence and the need to sustain the long-term welfare of the credit union.

For this reason the board will seek to build up its reserves to absorb unexpected shocks and still remain above minimum regulatory requirements. The credit union accounts for

dividends and loan interest rebates when members ratify such payments at the Annual General Meeting.

#### 2.19 Regulatory Reserve

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

#### 2.20 Operational Risk Reserve

Section 45(5)(a) of the Credit Union Act, 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model. The Directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve. Savvi Credit Union Limited uses the Basic Indicator Approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the Operational Risk Reserve. Therefore Savvi Credit Union Limited will hold an operational risk reserve which will at a minimum equal 15% of the average positive gross income for the previous three years. For any year in which there was a deficit, this will be excluded from the calculation.

#### 2.21 Other Reserves

Other reserves are the accumulated surpluses to date that have not been declared as dividends returnable to members. The other reserves are subdivided into realised and unrealised. The credit union has established a social finance fund reserve to be used by the credit union for social, cultural and charitable purposes in accordance with section 44 of the Credit Union Act, 1997 (as amended) and this is included in realised reserves. In accordance with the Central Bank guidance note for credit unions on matters relating to accounting for investments and distribution policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. The directors have deemed it appropriate that interest on loans receivable at the balance sheet date is also classified as "unrealised" and is not distributable. All other income is classified as "realised".

# Notes to the Financial Statements (cont)

For the Financial Year Ended 30th September 2018

## 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCE OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires the directors to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

### Determination of depreciation, useful economic life and residual value of tangible assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives 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. The net book value of tangible fixed assets subject to depreciation at the year end was €7,060,915 (2017: €5,676,541).

### Provision for bad debts

Savvi Credit Union Limited's accounting policy for impairment of loans is set out in the 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.

The provision for bad debts in the financial statements at the year end was €6,855,585 (2017: €6,970,585) representing 10.22% (2017: 10.43%) of the total gross loan book.

### Operational risk reserve

The directors have considered the requirements of the Credit Union Act, 1997 (as amended) and have considered an approach to the calculation of the operational risk reserve. Savvi Credit Union Limited uses the basic indicator approach as set out in the operational risk measurements techniques proposed under Basel II capital adequacy rules for banking institutions in calculating the minimum operational risk reserve.

The operational risk reserve of the credit union at the year end was €2,173,946 (2017: €1,334,822).

### Adoption of going concern basis for financial statements preparation

The directors have prepared projections and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the credit union's ability to meet its liabilities as they fall due, and to continue as a going concern.

On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the credit union was unable to continue as a going concern.



#### 4. KEY MANAGEMENT PERSONNEL COMPENSATION

The directors of Savvi Credit Union Limited are all unpaid volunteers. The key management personnel compensation is as follows.

	2018	2017
	€	€
Short term employee benefits paid to key management	1,011,358	1,006,821
Payments to pension schemes	123,936	104,012
<b>Total key management personnel compensation</b>	<b>1,135,294</b>	<b>1,110,833</b>

#### 5. NET IMPAIRMENT LOSSES/(GAINS) ON LOANS TO MEMBERS

	2018	2017
	€	€
Bad debts recovered	(215,326)	(189,556)
Impairment of loan interest reclassified as bad debt recoveries	(38,974)	(67,787)
Movement in bad debts provision during the year	(115,000)	216,357
Loans written off during the year	178,770	140,984
<b>Net impairment losses/(gains) on loans to members</b>	<b>(190,530)</b>	<b>99,998</b>

#### 6. CASH AND CASH EQUIVALENTS

	2018	2017
	€	€
Cash and balances at bank	5,991,206	6,034,152
Deposits & investments (note 7)	298,719,745	291,277,008
Less: Deposit & investment amounts maturing after three months	(233,574,369)	(189,385,049)
<b>Total cash and cash equivalents</b>	<b>71,136,582</b>	<b>107,926,111</b>

#### 7. DEPOSITS AND INVESTMENTS

	2018	2017
	€	€
<b>Deposits and investments – cash equivalents</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	64,895,376	91,356,939
Irish and EEA state securities	-	10,535,020
Other	250,000	-
<b>Total deposits and investments – cash equivalents</b>	<b>65,145,376</b>	<b>101,891,959</b>
<b>Deposits and investments – other</b>		
Accounts in authorised credit institutions (Irish and non-Irish based)	115,946,575	33,230,881
Irish and EEA state securities	27,395,858	40,928,984
Bank bonds	62,813,115	111,686,140
Other	24,500,891	502,619
Central Bank deposits	2,917,930	3,036,425
<b>Total deposits and investments – other</b>	<b>233,574,369</b>	<b>189,385,049</b>
<b>Total deposits and investments</b>	<b>298,719,745</b>	<b>291,277,008</b>

# Notes to the Financial Statements (cont)

For the Financial Year Ended 30th September 2018

## 8. FINANCIAL ASSETS – LOANS TO MEMBERS

	2018 €	2017 €
As at 1 October	66,807,710	60,487,840
Loans granted during the year	29,012,161	34,563,532
Loans repaid during the year	(28,539,857)	(28,102,678)
<b>Gross loans and advances</b>	<b>67,280,014</b>	<b>66,948,694</b>
<b>Bad debts</b>		
Loans written off during the year	(178,770)	(140,984)
<b>As at 30th September</b>	<b>67,101,244</b>	<b>66,807,710</b>

## 9. PROVISION FOR BAD DEBTS

	2018 €	2017 €
As at 1 October	6,970,585	6,754,228
Movement in bad debts provision during the year	(115,000)	216,357
<b>As at 30th September</b>	<b>6,855,585</b>	<b>6,970,585</b>

The provision for bad debts is analysed as follows:

	2018 €	2017 €
Grouped assessed loans	6,855,585	6,970,585
<b>Provision for bad debts</b>	<b>6,855,585</b>	<b>6,970,585</b>

## 10. TANGIBLE FIXED ASSETS

	Freehold Premises €	Fixtures & Fittings €	Office Equipment €	Total €
<b>COST</b>				
1 October 2017	7,583,867	712,342	696,539	8,992,748
Additions	95,046	353,317	1,305,367	1,753,730
<b>At 30th September 2018</b>	<b>7,678,913</b>	<b>1,065,659</b>	<b>2,001,906</b>	<b>10,746,478</b>
<b>DEPRECIATION</b>				
1 October 2017	2,080,013	630,710	605,484	3,316,207
Charge for year	148,445	38,641	182,270	369,356
<b>At 30th September 2018</b>	<b>2,228,458</b>	<b>669,351</b>	<b>787,754</b>	<b>3,685,563</b>
<b>NET BOOK VALUE</b>				
<b>30th September 2018</b>	<b>5,450,455</b>	<b>396,308</b>	<b>1,214,152</b>	<b>7,060,915</b>
30th September 2017	5,503,854	81,632	91,055	5,676,541

## 11. PREPAYMENTS AND ACCRUED INCOME

	2018	2017
	€	€
Loan interest receivable	66,310	60,346
Prepayments	103,443	111,134
	<b>169,753</b>	<b>171,480</b>

## 12. MEMBERS' SHARES

	2018	2017
	€	€
As at 1 October	303,374,111	295,449,397
Received during the year	83,669,218	78,745,614
Withdrawn during the year	(74,041,195)	(70,820,900)
<b>As at 30th September</b>	<b>313,002,134</b>	<b>303,374,111</b>

Members' Shares are analysed as follows:

	2018	2017
	€	€
Regular Share Accounts	67,180,707	66,018,210
Special Share Accounts	241,292,569	232,732,278
5 Year Special Share Balance	25,729	952,758
Christmas Club Account	155,138	108,330
MABS Account	215	2,195
Independent Special Accounts	533,196	529,587
Online Access Accounts	3,814,580	3,030,753
<b>Total members' shares</b>	<b>313,002,134</b>	<b>303,374,111</b>

## 13. MEMBERS' BUDGET ACCOUNTS

	2018	2017
	€	€
As at 1 October	4,258,758	4,022,070
Lodgements	14,814,983	14,798,599
Withdrawals	(14,696,961)	(14,561,911)
<b>As at 30th September</b>	<b>4,376,780</b>	<b>4,258,758</b>

## 14. OTHER LIABILITIES, CREDITORS, ACCRUALS AND CHARGES

	2018	2017
	€	€
Trade Creditors & Accruals	2,222,742	2,760,808
Prize Draw	120,952	115,392
Savings Protection Scheme	1,571,989	1,433,006
	<b>3,915,683</b>	<b>4,309,206</b>

# Notes to the Financial Statements (cont)

For the Financial Year Ended 30th September 2018

## 15. OTHER PROVISIONS

	2018	2017
	€	€
Holiday pay accrual		
At 1 October	45,066	21,581
Charged to the income and expenditure account	(6,346)	23,485
<b>At 30th September</b>	<b>38,720</b>	<b>45,066</b>

## 16. FINANCIAL INSTRUMENTS

### 16a. Financial instruments – amortised cost

Financial assets	2018	2017
	€	€
Financial assets measured at amortised cost	362,809,576	355,116,251

Financial liabilities	2018	2017
	€	€
Financial liabilities measured at amortised cost	321,333,317	311,987,141

Financial assets measured at amortised cost comprise cash and balances at bank, deposits and investments and loans.  
Financial liabilities measured at amortised cost comprise member savings, creditors and accruals and provisions.

### 16b. Financial instruments – fair value measurements

FRS 102 requires fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:

- Quoted prices for identical instruments in active market (level 1);
- Prices of recent transactions for identical instruments and valuation techniques using observable market data (level 2), and
- Valuation techniques using unobservable market data (level 3).

The table below sets out fair value measurements using the fair value hierarchy:

At 30th September 2018	Total	Level 1	Level 2	Level 3
	€	€	€	€
Bank bonds	8,500,000	-	8,500,000	-
Other	502,619	-	502,619	-
<b>Total</b>	<b>9,002,619</b>	<b>-</b>	<b>9,002,619</b>	<b>-</b>

At 30th September 2017	Total	Level 1	Level 2	Level 3
	€	€	€	€
Bank bonds	8,500,000	-	8,500,000	-
Other	502,619	-	502,619	-
<b>Total</b>	<b>9,002,619</b>	<b>-</b>	<b>9,002,619</b>	<b>-</b>

There were no fair value adjustments recognised in the income and expenditure account for the year ended 30th September 2018 (2016: €Nil).

## 17. RESERVES

	Balance 01/10/17 €	Payment of dividends & loan interest rebates €	Appropriation of current year surplus €	Transfers between reserves €	Balance 30/09/18 €
<b>Regulatory reserve</b>	<b>38,576,017</b>	-	-	-	<b>38,576,017</b>
<b>Operational risk reserve</b>	<b>1,334,822</b>	-	<b>39,124</b>	<b>800,000</b>	<b>2,173,946</b>
<b>Other Reserves</b>					
<b>Realised</b>					
Social fund reserve	325,520	-	-	-	325,520
Dormant account written off reserve	6,201	-	-	-	6,201
General reserve	8,830,427	(922,173)	672,797	19,322	8,600,373
Future dividends reserve	1,800,000	-	-	(800,000)	1,000,000
<b>Total Realised Reserves</b>	<b>10,962,148</b>	<b>(922,173)</b>	<b>672,797</b>	<b>(780,678)</b>	<b>9,932,094</b>
<b>Unrealised</b>					
Interest on loans reserve	60,346	-	5,964	-	66,310
Investment income reserve	75,832	-	49,084	(19,322)	105,594
<b>Total Unrealised Reserves</b>	<b>136,178</b>	-	<b>55,048</b>	<b>(19,322)</b>	<b>171,904</b>
<b>TOTAL RESERVES</b>	<b>51,009,165</b>	<b>(922,173)</b>	<b>766,969</b>	-	<b>50,853,961</b>

## 18. CREDIT RISK DISCLOSURES

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 (concentration limits);
- Restricts the absolute amount of lending to certain sectors to a set percentages of the regulatory reserve (large exposure limit);
- Restricts the loan duration of certain loans to specified limits (maturity limits);
- Requires specified lending practices to be in place where loans are made to certain sectors such as commercial loans, community loans or loans to another credit union.

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

	2018		2017	
	€	%	€	%
<b>LOANS NOT IMPAIRED</b>				
Total loans not impaired, not past due	57,383,382	85.52%	57,444,636	85.99%
<b>IMPAIRED LOANS:</b>				
Not past due	4,847,891	7.22%	4,697,030	7.03%
Up to 9 weeks past due	4,213,740	6.28%	3,699,758	5.53%
Between 10 and 18 weeks past due	117,982	0.18%	133,038	0.20%
Between 19 and 26 weeks past due	40,640	0.06%	104,310	0.15%
Between 27 and 39 weeks past due	9,528	0.01%	73,072	0.11%
Between 40 and 52 weeks past due	32,260	0.05%	56,805	0.09%
53 or More Weeks Past Due	455,821	0.68%	599,061	0.90%
<b>Total Impaired Loans</b>	<b>9,717,862</b>	<b>14.48%</b>	<b>9,363,074</b>	<b>14.01%</b>
<b>TOTAL LOANS</b>	<b>67,101,244</b>	<b>100.00%</b>	<b>66,807,710</b>	<b>100.00%</b>

# Notes to the Financial Statements (cont)

For the Financial Year Ended 30th September 2018

## 19. RELATED PARTY TRANSACTIONS

	2018		2017	
	No. of loans	€	No. of loans	€
Loans advanced to related parties during the year	3	56,000	5	376,473
Total loans outstanding to related parties at the year end	8	411,926	6	454,912
Total provisions for loans outstanding to related parties at the year end		22,444		22,631

The related party loans stated above comprise of loans to members of the board of directors, the management team and members of the family of members of the board of directors and the management team of Savvi Credit Union Limited.

Total loans outstanding to related parties represents 0.61% of the total loans outstanding at 30th September 2018 (2017: 0.68%).

## 20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

### 20a. Financial risk management

Savvi Credit Union Limited manages its members' shares and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Savvi Credit Union Limited's activities are credit risk, market risk, liquidity risk and interest rate risk. The board of directors 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 the credit union, resulting in financial loss. In order to manage this risk the board of directors regularly reviews and approves Savvi Credit Union Limited's credit policy. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Market risk:** Market risk is the risk that the value of an investment will decrease. This risk can arise from fluctuations in values of, or income from, assets or changes in interest rates. The board of directors regularly reviews and approves the credit union's investment policy and funds are invested in compliance with this policy and regulatory guidance.

**Liquidity risk:** 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. 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.

**Interest rate risk:** Savvi Credit Union Limited's main interest rate risk arises from adverse movements in interest rates receivable which would affect investment income. Savvi Credit Union Limited reviews any potential new investment product carefully to ensure that minimum funds are locked in low yielding long term investments yet at the same time maximising investment income receivable.

### 20b. Liquidity risk disclosures

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 regulatory requirements.

### 20c. Interest rate risk disclosures

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

	2018		2017	
	€	Average Interest Rate %	€	Average Interest Rate %
Gross loans to members	<u>67,101,244</u>	6.81%	<u>66,807,710</u>	6.98%

The dividend payable is at the discretion of the directors and is therefore not a financial liability of the credit union until declared and approved at the AGM.

## 21. DIVIDENDS AND LOAN INTEREST REBATE

The following distributions were paid during the year:

		2018		2017
	%	€	%	€
Dividends on shares	0.20%	591,879	0.50%	1,444,847
Loan interest rebates	7.50%	330,294	7.50%	323,906

The directors propose the following distributions in respect of the year:

		2018		2017
	%	€	%	€
Dividends on shares	0.10%	307,490	0.20%	595,469
Loan interest rebates	2.50%	112,663	7.50%	333,300

## 22. EVENTS AFTER THE END OF THE FINANCIAL YEAR

There have been no significant events affecting the credit union since the year end.

## 23. INSURANCE AGAINST FRAUD

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

## 24. CAPITAL COMMITMENTS

There were no capital commitments at 30th September 2018.

## 25. CONTINGENT LIABILITIES

In September 2018, the Registry of Credit Unions advised all credit unions of a potential matter in relation to accrued interest outstanding on certain top-up loans which may have led to a potential over-collection of interest. The credit union has commenced a review to ascertain whether any top-up loans made to members might be impacted by these circumstances, and if so, to determine what actions may need to be taken. Consequently it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable or not in the future.

## 26. COMPARATIVE INFORMATION

Comparative information has been reclassified where necessary to conform to current year presentation.

## 27. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 9th November 2018.

# Schedules to the Income and Expenditure account

For the financial year ended 30th September 2018

The following schedules do not form part of the statutory financial statements which are the subject of the Independent Auditors' report on pages 11 to 12.

## SCHEDULE 1 – OTHER INTEREST INCOME AND SIMILAR INCOME

	2018 €	2017 €
Investment income and gains received/receivable within 1 year	3,421,622	5,293,652
Investment income receivable outside of 1 year	49,084	53,284
<b>Total per income and expenditure account</b>	<b>3,470,706</b>	<b>5,346,936</b>

## SCHEDULE 2 – OTHER INCOME

	2018 €	2017 €
Budget accounts service fees and other income	51,886	45,852
<b>Total per income and expenditure account</b>	<b>51,886</b>	<b>45,852</b>

## SCHEDULE 3 – OTHER MANAGEMENT EXPENSES

	2018 €	2017 €
Training	75,733	40,002
Rates	61,179	66,797
Affiliation fees	68,309	82,765
Savings protection scheme fund	138,982	175,200
Regulatory levies and costs	678,700	723,971
Share and loan insurance	654,062	670,409
Death benefit insurance	662,630	795,792
General insurance	85,942	78,687
Post and stationery	61,307	67,985
Printing	7,688	12,211
Marketing and publicity	432,234	656,158
Conference and meeting expenses	102,118	182,546
Repair and maintenance	164,860	92,214
Service to equipment and IT	532,957	434,840
Legal and professional	850,852	610,218
Audit fees	46,128	46,128
Investment costs	59,967	61,500
General and office expenses	126,929	46,869
Bank interest and charges	53,472	56,532
<b>Total per income and expenditure account</b>	<b>4,864,049</b>	<b>4,900,824</b>



# Board Oversight Committee Report

**John Kelly**  
Chair, Board Oversight Committee



It is my pleasure to present the Board Oversight Committee's report for the year ended 30th September 2018 to the members of Savvi Credit Union.

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

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

The Committee is pleased to report that, in its view and based on the specific reviews carried out by the Committee, there is no material deviation by the Board in the discharge of their legal and regulatory obligations. This finding is based on a systematic, evidence-based methodology whereby each of the legal requirements of the Board is individually assessed over the course of the year. The material breach in relation to the longer-term lending limit of ten years and more, which was identified in June 2017 and reported to you at last AGM, remains a material issue. The Credit Union Board and Executive remain committed to resolving this material issue as quickly as possible.

The Board Oversight Committee has also discharged all of its own legal obligations, including:

- Met at least monthly throughout the year;
- Attended all Board meetings;
- Met the Board once a quarter;
- Fulfilled all reporting requirements;
- Met with the external auditor;
- Assessed the performance of the board and the conduct of board meetings, and
- Assessed the board's implementation of the strategy for the credit union.

I would like to express my heartfelt gratitude and appreciation to each of my fellow volunteers on the Board Oversight Committee, Jag Basi, Dermot Drew, Catherine O'Brien and Paddy Walsh. Their diligence, commitment and teamwork have assured the committee's effectiveness throughout the past year. I'd like to say a special word of thanks to Paddy Walsh

who is stepping down from the committee after 3 years of unstinting service. On behalf of all the committee, I wish him every success in his future endeavours.

I also extend my thanks to the staff of the credit union whose unfailing help and support have been indispensable in carrying out our duties on behalf of the members, and to the board of directors for their continued openness and co-operation.

I remain confident in the strength of our credit union and its ability to continue to thrive and grow in the challenging years ahead. The greatest strength of this institution is its people, and I believe the staff and volunteers of the credit union have the talent, imagination and courage to face the challenges ahead and deliver the best possible outcome for the members.

# Audit Committee Report

Vincent Murphy  
Chair, Audit  
Committee



Together with my Committee colleagues, Lorraine Malone and Lorna Heron, it is my pleasure to present the report of the Audit Committee for the past financial year. While the board of directors of Savvi Credit Union has a duty to act in the interests of the credit union the Audit Committee has a role, acting independently from the executive, to ensure that the interests of our members are properly protected in relation to financial reporting and internal control. This involves:

- Monitoring the financial reporting process so that it is robust enough to ensure that the financial statements give a true and fair view of the performance and financial position of the credit union;
- Monitoring the effectiveness of internal controls across the credit union;
- Evaluating the independence and performance of the internal and external auditors;
- Reviewing the credit union's policies for detecting fraud and money laundering;
- Ensuring arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
- Overseeing, in conjunction with the Risk & Compliance and Nominations & Governance Committees, the annual compliance statement submission to the Central Bank of Ireland and determining whether it is made after due and careful enquiry and is fair and reasonable.

## ACTIVITIES DURING THE YEAR

### FINANCIAL REPORTING

During the financial year 2017-18 the Committee continued to focus on oversight of financial reporting, including the half year and full year financial reports as well as related policies and practices. Overseeing financial reporting requires an assessment of key accounting judgements and related risks and disclosures, each of which are discussed in detail with management and the External Auditor. The Committee ensures a robust review and challenge to enable it to recommend to the Board that the financial reports are a fair, balanced and understandable assessment of the credit union's position and prospects.

### INTERNAL CONTROL

Another area of primary focus is overseeing the effectiveness of internal controls, including those related to the financial reporting process. In undertaking its assessments, the Committee considers regular reports and presentations throughout the year from the External Auditor, Internal Auditor, Finance and Risk Management together with business management reports and updates on specific actions being undertaken to further strengthen the control environment.

### INTERNAL AUDIT

The Committee approved the internal audit work plan for 2017-18, and subsequently carried out a review of the charter, reports, recommendations, and overall performance of the Internal Audit function. Arising from this we considered the

effectiveness of the Internal Audit function, and the adequacy of associated resources, experience and expertise. We have deemed these to be satisfactory for Savvi's current needs. In addition, during the year the Committee met privately with the internal audit lead partner without management present.

### EXTERNAL AUDIT

The Committee reviewed the report from the external auditors, Grant Thornton, regarding their findings in respect of the half-year review and the 2017-18 audit. This included a summary of internal control observations, which Management responded to in detail. The Committee met with Grant Thornton on two occasions during the year to review the auditor's relationship, objectivity and independence, including two private meetings.

### REPORTING TO BOARD

As Committee Chairman I reported after each Committee meeting to the Board on the principal matters discussed to ensure all Directors were fully informed of the Committee's work and provided the Board with formal quarterly written updates.

### CREDIT UNION POLICIES AND PROCEDURES

During the year end 30th September 2018, the Committee reviewed eight of the credit union's policies, including those in respect of fraud prevention and detection, data protection and retention, whistleblowing procedures, information security, outsourcing and anti-money laundering. All policies were deemed to be comprehensive and proportionate to the nature, scale and complexity of the credit union.

### COMMITTEE MEETINGS

The Committee met on six occasions during the year ended 30th September 2018, with the Financial Controller, Risk and Compliance Officer, and Head of Governance & Secretariat in attendance at these meetings as appropriate. Meetings covered all areas of the Committee's responsibilities and thereby enabled the committee to discharge its duties effectively.

### CONCLUSION

The 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. I would like to express my thanks to each of my fellow Committee Members for their support and for the personal dedication and commitment which they demonstrated throughout the year.

In addition, I would like to convey the thanks of the Committee to the management of the credit union, with a particular word of thanks to Angela Kelly, for their efforts and commitment on behalf of the members in ensuring that Savvi Credit Union continues to meet its requirements in relation to audit matters and is able to provide the highest level of assurance to its members in this regard.

# Risk and Compliance Committee Report

**Lorna Heron**  
Chair, Risk and Compliance Committee



On behalf of the Risk and Compliance Committee (“the Committee”), I am pleased to report on the Committee’s activities during the financial year ended 30th September 2018.

The Risk and Compliance Committee, along with the board of directors, recognises the importance of safeguarding the reputation of the credit union and protecting members’ funds, ensuring these are not put at risk. The principal function and responsibilities of the Committee are:

- Providing assistance and advice to the Board in relation to current and potential future risks facing the credit union and risk strategy in that regard, including the credit union’s risk appetite and tolerance, with a view to ensuring that the credit union is equipped to fulfil its oversight responsibilities in relation to these;
- Assessing the effectiveness of the credit union’s risk management infrastructure;
- Monitoring compliance with relevant laws and regulation obligations;
- Reviewing the credit union’s risk profile, risk trends and risk policies;
- Considering and acting upon the implications of reviews of risk management undertaken by the Internal Auditor and/or external third parties.
- Providing relevant support to the Board, in conjunction with Audit Committee and Nomination & Governance Committee, in relation to its sign off the Annual Compliance Statement to the Central Bank of Ireland

## ACTIVITIES DURING THE PAST YEAR:

### COMMITTEE MEETINGS

The responsibilities of the Committee are discharged through its meetings, and through commissioning, receiving and considering reports from the Risk and Compliance Officer, the Financial Controller both of whom attend members of the committee in addition to the Head of Governance. Other individuals, including the Chief Executive Officer, the Internal Auditor and members of the management team, also attend meetings by invitation, when appropriate.

The Committee held four regular meetings during the year and, as Committee Chair, I reported to Board after each meeting, both verbally and in writing, on the standard of Risk and Compliance within the credit union.

### RISK MANAGEMENT

The Committee, in conjunction with the Risk & Compliance Officer, provided oversight of the credit union’s Risk Management System. The Risk Management Policy and supporting risk related policies and frameworks were reviewed and the Committee’s recommended changes were agreed by the Board and subsequently implemented.

The Committee assisted the Board in setting the credit union’s risk tolerance and reviewed significant risks to ensure that they were mitigated to a level consistent with this risk tolerance.

The Committee also spent time tracking the continuing regulatory agenda and the normal bi-annual number of regulatory engagements, including a supervisory inspection, took place.

Throughout the reporting period, through discussion with, and challenge to Management, the Committee satisfied itself that the key risks facing the credit union were being appropriately managed, with relevant mitigants in place and appropriate actions taken, where necessary.

### COMPLIANCE MANAGEMENT

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

In our 2017 Report, the Committee advised our members of a material deviation from the credit union’s Credit Policy where our longer-term lending limit of 10 years and more is set at 15% of our loan book value. Since we last reported to you we have continued in excess of this 15% limit with the excess being 0.76% as at 30th September 2018. We continue to put every effort into our endeavours to correct this inadvertent breach.

Measures have been put in place to ensure such a breach cannot reoccur and we are confident of returning to within the regulatory limit by early 2019. The scale of the numbers involved do not represent a material risk to the functioning, financials or stability of the credit union. We remain in ongoing contact with the regulator on the matter.

Going into 2019, the good news is that our regulator has published a consultation document on lending limits which outlines their desire to revise those limits upward in what we expect will be the latter half of the coming year. Our Chief Executive Officer’s report within this Annual Report & Accounts provides detail on the potential positive impacts of such a change.

### CONCLUSION

The Committee’s focus in 2019 will be to ensure that the credit union’s risk culture, risk appetite, policies, procedures and management controls are sufficiently robust to support its Strategic Plan.

I am satisfied that the skills and experience of the Committee Members enable the Committee to provide the independent risk oversight it is tasked with, while maintaining a constructive relationship with Management.

Finally, I would like to express my gratitude to my fellow members of the Committee for their contribution to the effective working of the Committee during the year.

# Credit Committee Report

Eddie McDonnell  
Chair  
Credit Committee



It is my pleasure to report on the activities of the Credit Committee for the year ended 30th September 2018.

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

## ACTIVITIES DURING THE PAST YEAR

### LOANS

- 4,216 loan applications processed during the year compared to 4,186 last year representing an increase of 0.72%.
- 97.93% of all loan applications were approved.
- An analysis of approved loans is as follows:

<b>Personal</b>	44.80%
<b>Home Improvements</b>	22.82%
<b>Motor Vehicles</b>	22.50%
<b>Secured Home Loans</b>	9.88%

- Value of loans approved decreased by 12.23% from €34.6m (year-end 30th September 2017) to €30.3m (year-end 30th September 2018).

### EVALUATION OF LOAN APPLICATIONS

When evaluating loan applications, we are always conscious of the fact that we are lending members' savings. We are, therefore, obliged to establish that the member has the ability to repay the loan. There are times when, unfortunately, we have to refuse a loan and the most common reasons for such an outcome are either a member's overall indebtedness and/or their inability to repay. It should however be noted that in the last year our credit union approved circa 97.93% of loan applications which is a great achievement.

As our Common Bond has expanded and we are welcoming new borrowers to the credit union, we will continue to review our Credit Policy and Procedures to ensure they remain fit for purpose and that all our members are treated fairly.

### LOAN CATEGORIES APPROVED

- Car loans, including Electric Cars, accounted for our most popular loan this year at 22.82%, followed closely by Home Improvement Loans at 22.50%. These together accounted for more than 45% of the loans approved this year.

### MEMBERS NEEDS

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

We also continue to review our loan products to ensure they are supporting members requirements. We launched a 'special offer' low rate loan 'Just For You' for new borrowings at 5.6% in late 2017 to celebrate the launch of our new branch in Sir John Rogerson's Quay, which was well received by our members and we have recently introduced a new product the Be Savvi loan for consolidation/refinance of other short-term debt e.g. Credit Cards.

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

### INTERNAL AND EXTERNAL AUDITS

Four audits were conducted on the Loan Book over the course of the past year. Three of these were normal annual audits conducted by both our Internal and External Auditors and the final was a PRISM audit conducted by Central Bank of Ireland. The PRISM audits are conducted by Central Bank on a regular basis, and ours took place during this financial year. I'm pleased to confirm that there were no material issues raised as a result of these audits and this gives the Committee comfort that our policies and underwriting procedures remain robust.

### REVIEW OF COMMITTEE PERFORMANCE

The Committee has conducted the annual review of its own performance against terms of reference and has deemed this to be effective.

### COMMITTEE MEETINGS

Committee continues to meet most weeks and provides monthly updates to Board on its activities.

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

# Credit Control Committee Report

Robert Cooper  
Chairperson



The role of the Credit Control Committee is to ensure the repayment of loans by members of Savvi Credit Union ('Savvi') in accordance with their credit agreements and to review and recommend for approval all member loan reschedules. The committee has met regularly throughout the year to review the loan book and members' repayments.

## COMMITTEE OBJECTIVES DURING 2018

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

- Minimise the level of bad debts at Savvi
- Reduce the risk of loan delinquency
- Make adequate provision for non-performing loans
- Monitor loans in arrears to understand the trends and difficulties

## RESULTS AND COMMENTARY

Our write-off figure this year is €178,770 compared with €140,984 in 2017. This represents 0.2% of the loan portfolio. Bad debt recoveries were €215,326 compared to €189,556 last year. Our bad debt provisions now stand at 10.22% of our loan book. This provision is monitored regularly to ensure it adequately provides for possible future impairment.

The committee continues with a policy of early intervention. This has proven to be very successful with our percentage of bad debts collections increasing on last year. We invest a considerable amount of time in communicating with members in arrears. The vast majority of cases are resolved following an initial contact from the credit control officer.

## CONCLUSION

The committee is aware that there are a number of members who find themselves in very difficult circumstances. It, therefore, encourages any member who either falls behind with their loan payments or encounters any kind of financial difficulties to make contact with the credit union office at an early stage.

# Marketing & Membership Report

Darryl Gibney  
Marketing Manager



## MEMBERSHIP

The Membership Committee is an operational management committee reporting to the board of directors. Its primary objective is to oversee and make recommendations on activities that will improve the membership process.

The 20,000 plus members of Savvi Credit Union ('Savvi') continue to enjoy the unique benefits of being part of a thriving financial co-operative which prides itself on a personal approach. This year we continued to enhance our member experience with the launch of our new website where potential members can now apply online for membership of Savvi.

During the year the Membership Committee focused on facilitating and co-ordinating efforts to develop innovative approaches for communicating the advantages and opportunities that membership of Savvi offers. This year we welcomed 1409 new members through Savvi's doors – that's 10% up on the same period last year.

The Membership Committee has attempted to reconnect with dormant members in order to understand the products and services which would encourage them to use credit union services.

All new membership applications must comply with The Criminal Justice Act 2013 (as amended) which requires that all membership applications are accompanied by photo identification and proof of address. The Act also requires us to maintain 'updated' identification on file for all our members. We would like to take this opportunity to thank all of you who replied to our letters requesting up-to-date documents earlier this year.

## MARKETING: BUILDING A STRATEGY FOR GROWTH

It has been an exciting year for Savvi, with the launch of our new branch in November 2017 at Sir John Rogersons Quay, it gave us momentum in recruiting new members in Dublin's Grand Canal Dock. Opening this branch gave us a chance to share our Savvi services with a new cohort of Money At Work companies and extend our reach to the community in Dublin's Docklands.

Paired with this was our continued roll-out of the new Savvi brand, which saw revised Savvi posters issued to all branches and Agents for all our Savvi products from Communion Loans to Car Loans, from Green Energy Loans to Home Improvement Loans, all our products got a fresh new look.

This year we laid out a 12 month marketing strategy that allows us to tell our members about the help and advice we can offer at key touchpoints throughout the year, reaching members at the right time, life stage and always with our Savvi voice of sound advice, financial know-how and common sense.

## REACHING OUR COMMUNITY

This year we also focused on investing in our Community and growing the benefits we can offer the Savvi members.

We reached out to our Dublin, ESB and wider communities to find out how we could help more. We invested in Community events and sponsored local team, clubs and community groups.

We've used our time wisely in 2018, hosting events directed at members-only to ensure they enjoy the full benefit of being a Savvi member.

- Wellness events in our Docklands branch; nutrition and yoga laughter workshops, mindfulness and BMI health checks.
- We hosted the Tall Ships Regatta and its organising team Sail Training Ireland in June with over 200 members attending across the 4 days.
- We also hosted an ESB Archives Exhibition during the Tall Ships Regatta weekend, which was so popular we kept it up for the month of June
- The Community Urban Games took place in October to celebrate the first birthday of the Dublin Docklands branch, with members and guests playing games to win a prize for their local chosen charity, club or community group
- We sponsored the Greenore Rostrevor Senior Citizens Art Class and hosted a Gallery Exhibition of their very impressive artwork for a month

We will continue to host more events for our Savvi community and look forward to hearing your suggestions for events you would like to see in the coming year

## NEW ADVERTISING CAMPAIGN

We launched several new advertising campaigns this year, highlighting the great product offerings and highly competitive rates Savvi offer.

- March saw the launch of our Holiday Loans campaign with great rates for short-term One Year Loans
- In June we launched our Home Improvement Loan campaign offering market-best rates for 3-5 Year Loans for a new Kitchen, Bathroom or that long-awaited Extension.

We also highlighted to our members that Savvi is by your side for all those special lifestages where you might need a helping hand;

- Communion Loans
- Christmas Loans
- Student Loans
- Green Energy Loans

And of course we highlighted our most popular and trusty products;

- Savvi Budget Account which takes the stress out of managing your monthly bills
- Online Banking, which allows you to make payments and savings on the go
- Savvi Car Draw taking place bi-monthly with published winners on all our channels

**Simon Dunne**  
Business Relationship  
Manager



### RINGSEND BRANCH HAS HAD A MAKEOVER

Our Ringsend branch had a complete makeover this year which shows our continued investment in the local Ringsend and District community. We've been a mainstay of the Ringsend neighbourhood since the 1960's and we don't plan on going anywhere. We have always offered employment opportunities and helpful advice to all our Ringsend members and continue to do so.

### GDPR

This year we fully vetted our communication channels and messaging to ensure we are GDPR compliant. This means we have updated your contact details in line with your preferred communication choices; Post, Email, SMS and so on. You will find a GDPR form in every local branch to update your communication choices at any given point, or you can email [Hello@savvi.ie](mailto:Hello@savvi.ie) at any point should you wish to change these.

### FAMILY DAY AT DUBLIN ZOO

Thank you to the 1000 Members and their families for joining us this year in Dublin Zoo for Family Day. Members were treated to a day out at the Zoo, activities and treats at Haughton House within the Zoo's grounds, plus face-painting, games and activities all in the name of good family fun. Stay tuned for our announcement for Family Day 2019 soon.

### CHRISTMAS CINEMA DAY

Cinema Day last year was another great success, as over 500 members and their families joining us to see "Ferdinand" and "Star Wars: The Last Jedi at the Savoy Cinema in Dublin".

With all events we host throughout the year, keeping costs at a bare minimum is always top of our mind, so we seek out value for money every time. We review these costs on an annual basis and continue to keep members needs first for 2018/2019 events.



### SUB-OFFICE VISITS

This initiative was started in ESB offices and locations in 2012 where we "bring the credit union to the members" by visiting them at their work locations, which then enables them to avail of any of our services whilst we are on site. This service was extended to other companies throughout 2017 and 2018 under the Money at Work initiative and we currently visit around 10 different companies on a monthly basis.

### MEMBER PRIZE DRAW/CAR DRAW

During 2018 the numbers in the car draw increased to 4,700 which has resulted in more cash prizes for members who have entered the draw. For any member that has not entered yet, you can do so through our website <https://savvi.ie/content/car-draw> or contact the office and we will send you out an application form. If we get another few hundred members entered into the draw, we should be able to hold a draw every month instead of every 2 months at present – remember, if you're not in you can't win!

### MEMBER PRIZE DRAW/CAR DRAW INCOME AND EXPENDITURE ACCOUNT

Opening Balance 30-Sep-2017	115,392
Receipts	534,338
Disbursements	528,778
Closing balance as at 30 September	120,952

### ESB EVENTS

We are always delighted to be invited back to the various ESB events which are run throughout the year. We had an information stand at the ESB Networks Apprentice Technician of the Year Awards in Portlaoise last May and congratulations again to all the participants who made the final.

It was great to be back at the ESB Power Challenge in Killarney last September, and once again we were delighted to provide some badly needed insect repellent which is essential when out and about in Kerry at that time of year – we also supplied sun cream but the weather over the weekend meant that it wasn't really needed - better safe than sorry though!

### AGENTS

The ongoing support and commitment of our Agents is invaluable when it comes to reaching out and communicating with members throughout the country. We now have a network of 50 Agents, primarily in ESB but also in INM and The Irish Times, as well as a Community Agent and 2 Agents representing retired members. Their on-going dedication helps us in maintaining member loyalty and growing membership numbers, so once again a sincere thanks to all our Agents for your help throughout the year and especially for organising the sub-office visits.

# Money at Work

**Laura Shilling**  
Business Development  
Manager



Money at Work has now been in place for just over a year. Here we are targeting companies in the IFSC/Docklands, Dublin 1, 2 & 4. Many of the firms in these areas are already being marketed to by other financial institutions offering their products and services. However, the feedback to date has been extremely positive with the likes of Asset Services, the Clayton Hotel, Cantor Fitzgerald, NTMA and many more coming on board. As quoted by Mary in Hanna, Moore & Curley

"Savvi Credit Union helped our employees with family budgeting, loans and savings. We really recommend their smart Budget Account and we know that Savvi Credit Union members can have extra peace of mind with the free Loan and Death Benefit insurances. Not to mention the great family days out and convenient branch locations for when you want to pop in at lunchtime!"

Our real edge over the banks is that we are local and have been voted one of the most trusted brand in Ireland for a fourth year in a row. New members trust us and value our opinion. We have extremely competitive rates, are member focused and offer a better service.

## OUR VALUE PROPOSITION TO BOTH EMPLOYERS AND EMPLOYEES IS COMPELLING AND INCLUDES:

### EMPLOYER:

- Deduction at Source. Over 50% of our companies have signed up to this services which gives us a competitive edge over banks. This is an extremely convenient way for staff to save and budget for their future.
- We bring Savvi Credit Union to the offices of the employer at a time that suits them and fits around their employees schedule
- Available at no cost to the company
- Improves staff morale by offering a value-added service
- First class products and services for their employees – We can help their employees save more, earn more on savings, and save more on loans.

### EMPLOYEE:

- We help reduce stress. Stress is the leading cause of health issues, and finances are the leading cause of stress. We can do something about that by helping employees take control of their finances
- Competitive rates – we have one of the best rates in the market!
- Access to online banking – Employees have access to their accounts online at a time and place that suits them 24/7 365 days a year!
- Employees become part of the local community. We exist for people, not for profit and actively support the local community.

One of our biggest challenges to date has been educating companies on what we can offer. We have now skipped a generation as today many young people's perception of the credit union is that it is a facility for their parents or to save "communion money".

The millennials are not aware of what we can offer them and that we have one of the most competitive rates in the market. The other challenge is not being able to offer a debit card or mortgages. With the proposed changes in place we should hopefully see these obstacles removed in 2019/2020.

The opportunities that lie ahead under our Money at Work scheme are exciting and challenging to Savvi. As we continue to expand and take more companies on board we are also looking at ways of increasing our membership with our existing partners.

We are proud to be offering our products and service to these companies and want to ensure that going forward when a staff member requires a loan, Savvi Credit Union is at the forefront of their mind. We are the best kept secret in the area and look forward to supporting our new members.



## THE IRISH TIMES





# Community Committee

## ROLE OF THE COMMITTEE

The role of the Community Committee of Savvi Credit Union Ltd is to:

- Identify and prioritise any necessary improvements required to enhance the effectiveness of the credit unions within our credit union's community common bond;
- Establish relationships to enable engagement with the members of our community and other local communities;
- Examine relevant topics such as equality, social inclusion and civic participation in the communities relevant to the common bond of the credit union;
- Ensure that any recommendations for improvement reflect the views and experiences of our community credit unions, the local community and the wider membership, and
- Provide a forum for our community credit unions to exchange information, influence policy and advocate on issues that may affect such communities.

## COMMUNITY COMMITTEE MEMBERS:

- Lorraine Malone
- Betty Ashe
- Lily Deegan
- Julie Augusta
- Paul Hand
- Eddie McDonnell
- Stephen Dunphy
- Laura Shilling
- Darryl Gibney
- Ciara McGowan

The Community Committee have been terrific in supporting key Savvi events this year like the Savvi Family Day, Greenore Rostrevor Art Exhibition, our Tall Ships Regatta weekend and the Teddy Bears Picnic in St. Andrews as well as putting up Savvi posters for products like Home Improvement Loans and Car Loans. Savvi would like to thank the Committee for their work and dedication this year.



# Family Fun at Dublin Zoo





# Nomination & Governance Committee Report

John McSweeney  
Committee Chairman



On behalf of the Nomination and Governance Committee ('the Committee') I am pleased to introduce the Report of the Committee's activities for the financial year ended 30th September 2018.

The Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities in relation to the composition of the Board, as well as corporate governance compliance and related policies.

## DUTIES OF THE COMMITTEE

A key priority for the Committee is to keep the composition of the Board and its Committees under review and to make appropriate recommendations to the Board.

The Committee reviews, at least annually, the size, structure and composition of the Board, including its numerical strength, the balance of skills, knowledge and experience of individual members of the Board and of the Board collectively, and the diversity and service profiles of the Directors, and makes recommendations to the Board with regard to any changes considered appropriate.

Succession planning for the Board is a very important part of the Committee remit. The Committee considers the future needs of the Board having regard for the credit union's strategy and the tenure of existing Directors to ensure that an appropriate succession plan is in place. Where appropriate, the Committee makes recommendations to the Board in that regard. In addition, it reviews the supporting policies on succession planning.

In considering those persons to be recommended for election to the Board at the Annual General Meeting, the Committee prepares a comprehensive job description, taking into account the existing skills and expertise of the board and the anticipated time commitment required.

However, those recommendations for appointment to the Board are ultimately based on merit, measured against objective criteria, and on the skills and experience the individual can bring to the Board.

In addition, the Committee reviews and assesses the adequacy of the credit union's corporate governance policies and practices.

## KEY ACTIVITIES FOR PAST YEAR

- Consideration of and recommendations with regard to Board and Board Committee composition in anticipation of known retirements/resignations from the Board
- Further development of the Board succession plan taking into account current and future skill set and experience profile requirements to ensure future Directors are identified and inducted in a timely manner to allow appropriate succession and ensure a continued high-calibre Board

composition appropriate to the business of the credit union

- Reviewed the appropriateness of both nomination, succession planning and governance policies
- Conducted Performance Evaluation of all members of the Board
- An external evaluation of the Board was held in September 2018. This activity is conducted every three years in line with financial services best practice. Action Plans will be created using the outputs of the evaluation and these Plans will be overseen by Nominations & Governance Committee in conjunction with the Board.
- Oversight of the credit union's compliance with the corporate governance requirements as outlined in the Committee's terms of reference.

## COMMITTEE GOVERNANCE

The Committee comprises three non-Executive Directors, with two members constituting a quorum. There was full attendance by the three members at all committee meetings. The committee met on eight occasions during the year. Updates were provided to the Board after each committee meeting with written reports provided quarterly.

## VOLUNTEERING FOR THE CREDIT UNION

We actively encourage members who have expertise and experience in any relevant area to consider putting themselves forward for election as either a director, a member of the Board Oversight Committee or as a volunteer committee member.

We operate to a Board agreed Competency Matrix and the vacancies available at any given time reflect the competencies we require under our Matrix.

The areas of expertise required include marketing, governance, legal, risk and finance and I would encourage anyone thinking of volunteering to contact the credit union, either through individual directors or management, for a confidential discussion around the competency requirements for the role.

With effect from 2018, Board vacancies are now being advertised to our membership via our website and other local advertising.

## CONCLUSION

I would like to express my thanks, on behalf of the board, to the Nomination and Governance Committee members who served during the year, namely, Valerie Little and Stephen Walshe. I would also like to thank John Kelly, Chairman of our Board Oversight Committee who acted as committee supervisor during the year.

Finally, I would like to thank the management team for their efforts and commitment on behalf of the members in ensuring that we continue to meet our governance requirements.

# Introducing Your Local Agent

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

ESB LOCATION	AGENT NAME
Aghada	Terence Ryan
Ardnacrusha	Anne Reynolds
Athlone	Mary Hoare
Ballina	Mary Flynn
Ballyshannon	Thomas Gaughan
Carrick on Shannon	Brendan Kiernan
Castlebar	Padraig Mylett
Cavan	Siobhan Mannering
Cork	
Networks (Wilton)	Tim Keating
NCCC (Wilton)	Siobhan Moynihan
ESB International (Little Island)	Mary Flanagan
Clonmel	Denis McGrath
Ennis	Geraldine Feighery
Dublin	
Finglas	Jacqui Cummins
Inchicore	Heidi Lynch
South Lotts Road	Clare Colgan
ESB International, Dublin Airport	Ciara Dolan
Electric Ireland, Santry	Louise Rooney Aileen Leddy
Leopardstown Road	Riognach Buckely
Dundalk, Avenue Road	Colin McMahon
Dunmanway	Norma O'Brien
Enniscorthy	Tommy Tyrrell
Galway	Gerry Lydon
Kilkenny	Larry Walsh

Killarney	Mary Scully
Lanesboro/Lough Ree Power	Seamus Finn
Letterkenny	Sandra Connolly
Limerick (Rosbrien)	Noreen O'Brien
Longford	Ursula Moylan
Moneypoint Station	Geraldine Carmody
Mullingar	Ailish Brennan
Newcastlewest	Sean Kelly
Nenagh/Roscrea	Mike Manning
Portlaoise	Fiona Canavan
Retired ESB Staff	James Lynch
Retired ESB Staff	Joe Kavanagh
Sligo	Sandra Carney
Tarbert (SSE Generation)	Gene McCarthy
Tipperary	Noreen Kinane
Tralee	Keith McCarthy
Tullamore	Mary Moyles
West Offaly Power	James Farrell
Waterford	Billy Hearne

Irish Times	
Tara Street	Anne Marie Peakin
City West	Darragh Kennan
City West	Greg Lawless

Independent News & Media (INM)	
Talbot Street	AnneMarie O'Dwyer
Talbot Street	Noel Stafford

Community Agent	
Oriel Street	Lily Deegan

# Standing Orders for the Annual General Meeting

## 1. VOTING

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

## 2- 3 ELECTION PROCEDURE

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

## 4 - 9 MOTIONS

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.
5. A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.
6. In exercising his/her right of reply, a proposer may not introduce new material.
7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.
8. Members are entitled to speak on any such motion and must do so through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.
9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put

the motion to the meeting giving the proposer the right of reply before doing so.

## 10 - 15 MISCELLANEOUS

10. The chair of the board of directors shall be the chair of any general meeting, except where he/she is not available, in which case it shall be the vice-chair, except where he/she is not available, in which case the board shall decide amongst themselves who shall act as chair of any general meeting.
11. The chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.
12. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.
13. The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.
14. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.
15. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

## 16. SUSPENSION OF STANDING ORDERS

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

## 17. ALTERATION OF STANDING ORDERS

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

## 18. ADJOURNMENTS

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

# Amendments to Standard Rules

That this Annual General Meeting amends the Standard Rules for credit unions (Republic of Ireland) by the deletion of Rule 109(8) (see below).

## **Rule 109(8)**

Subject to the Act and any regulations made thereunder, the forms used by the credit union shall contain as a minimum the information as set out in the forms contained in the Appendices to these rules which forms may be amended from time to time by the Irish League of Credit Unions.

## GDPR Compliance

From time to time Savvi Credit Union would like to notify you of products, services, competitions and / or promotional offers made available by the Credit Union, which may also be supported by carefully selected third parties. Please note the Credit Union will uphold your confidentiality and will not give your details directly to the third party.

In addition, there are certain notices that the Credit Union are required to provide to you from time to time which are separate from marketing purposes.

You can choose to receive information from us by Post, Email, Text and Landline or Mobile Call.

**Please contact us on 01 6325100 or email [hello@savvi.ie](mailto:hello@savvi.ie) to update your communication channel choice.**

# Deposit Guarantee Scheme – Depositor Information Sheet

## BASIC INFORMATION ABOUT THE PROTECTION OF YOUR ELIGIBLE DEPOSITS

<b>Eligible deposits in Savvi Credit Union Ltd are protected by:</b>	The Deposit Guarantee Scheme ("DGS") <sup>(1)</sup>
<b>Limit of protection:</b>	€100,000 per depositor per credit institution <sup>(2)</sup>
<b>If you have more eligible deposits at the same credit institution:</b>	All your eligible deposits at the same credit institution are 'aggregated' and the total is subject to the limit of €100,000 <sup>(2)</sup>
<b>If you have a joint account with other person(s):</b>	The limit of €100,000 applies to each depositor separately <sup>(3)</sup>
<b>Reimbursement period in case of credit institution's failure:</b>	20 working days <sup>(4)</sup>
<b>Currency of reimbursement:</b>	Euro or, for branches of Irish banks operating in another member state of the EEA, the currency of that member state.
<b>To contact Savvi Credit Union Ltd for enquiries relating to your account:</b>	Savvi Credit Union Ltd 27/28 Herbert Place Dublin 2  Tel: 1800 940077 Email: info@savvi.ie
<b>To contact the DGS for further information on compensation:</b>	Deposit Guarantee Scheme Central Bank of Ireland PO BOX 11517 Spencer Dock North Wall Quay Dublin 1  Tel: 1890-777777 Email: info@depositguarantee.ie
<b>More information:</b>	<a href="http://www.depositguarantee.ie">www.depositguarantee.ie</a>



# Additional information

## **(1) SCHEME RESPONSIBLE FOR THE PROTECTION OF YOUR DEPOSIT**

Your deposit is covered by a statutory deposit guarantee scheme. If insolvency should occur, your eligible deposits would be repaid up to €100,000.

## **(2) GENERAL LIMIT OF PROTECTION**

If a covered deposit is unavailable because a credit institution is unable to meet its financial obligations, depositors are repaid by the DGS. This repayment covers at maximum €100,000 per person per credit institution. This means that all eligible deposits at the same credit institution are added up in order to determine the coverage level. If, for instance, a depositor holds a savings account with €90,000 and a current account with €20,000, he or she will only be repaid €100,000.

## **(3) LIMIT OF PROTECTION FOR JOINT ACCOUNTS**

In case of joint accounts, the limit of €100,000 applies to each depositor. However, eligible deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of €100,000.

In some cases eligible deposits which are categorised as "temporary high balances" are protected above €100,000 for six months after the amount has been credited or from the moment when such eligible deposits become legally transferable. These are eligible deposits relating to certain events which include:

- (a) certain transactions relating to the purchase, sale or equity release by the depositor in relation to a private residential property;
- (b) sums paid to the depositor in respect of insurance benefits, personal injuries, disability and incapacity benefits, wrongful conviction, unfair dismissal, redundancy, and retirement benefits;
- (c) the depositor's marriage, judicial separation, dissolution of civil partnership, and divorce;
- (d) sums paid to the depositor in respect of benefits payable on death; claims for compensation in respect of a person's death or a legacy or distribution from the estate of a deceased person.

*More information can be obtained at [www.depositguarantee.ie](http://www.depositguarantee.ie)*

## **(4) REIMBURSEMENT**

The responsible deposit guarantee scheme is:

Deposit Guarantee Scheme, Central Bank of Ireland, PO Box 11517, Spencer Dock, North Wall Quay, Dublin 1.

Tel: 1890-777777. Email: [info@depositguarantee.ie](mailto:info@depositguarantee.ie). Website: [www.depositguarantee.ie](http://www.depositguarantee.ie).

It will repay your eligible deposits (up to €100,000) within 15 working days from 1 January 2019 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 days from 1 January 2024 onwards, save where specific exceptions apply.

Where the repayable amount cannot be made available within seven working days depositors will be given access to an appropriate amount of their covered deposits to cover the cost of living within five working days of a request. Access to the appropriate amount will only be made on the basis of data provided by the credit institution. If you have not been repaid within these deadlines, you should contact the deposit guarantee scheme.

## **OTHER IMPORTANT INFORMATION**

In general, all retail depositors and businesses are covered by the Deposit Guarantee Scheme. Exceptions for certain deposits are stated on the website of the Deposit Guarantee Scheme. Your credit institution will also inform you on request whether certain products are covered or not. If deposits are eligible, the credit institution shall also confirm this on the statement of account.

# 56th Annual General Meeting

**Date:** Friday 11th January 2019

**Time:** Commencing at 6.00 pm

**Venue:** The Convention Centre Dublin  
Spencer Dock  
North Wall Quay  
Dublin 1

## ELECTIONS

Pursuant to rule 102 the board of directors has appointed a Nomination Committee to ensure at least one candidate for each vacancy for which an election is being held.

## VACANCIES

Board of directors – Three

Board Oversight Committee – One

Any member who wishes to put themselves forward for election as either a Director or member of the Board Oversight Committee, please contact the Chair of the Nomination Committee, Savvi Credit Union, 3rd Floor, 27-28 Herbert Place, Dublin 2. Our vacancies for non-executive directors, Board Oversight Committee members and volunteers in general are all advertised on our website [www.savvi.ie](http://www.savvi.ie) from time to time

## AGENDA

1. Invocation
2. The acceptance by the board of directors of the authorised representatives of members that are not natural persons
3. Ascertainment of a quorum
4. Adoption of standing orders
5. Appointment of tellers
6. Minutes of AGM 2017
7. Adoption of Credit Union Rules Amendment
8. Report of Directors
9. Financial Report, Auditors Report and Declaration of Dividend
10. Report of Nomination Committee
11. Elections – Auditor, Board Oversight Committee, Directors
12. Report of Board Oversight Committee
13. Report of Audit Committee
14. Report of Risk Committee
15. Report of Credit Committee
16. Report of Credit Control Committee
17. Report of Membership Committee
18. Election results
19. Other business
20. Close of meeting

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





**Savvi Credit Union Ltd.**  
27-28 Herbert Place, Dublin 2

Also at 1a Upper Oriel St, Dublin 1;  
22 Upper Erne Street, Dublin 2;  
5 Irishtown, Ringsend, Dublin 4,  
56 Sir John Rogerson's Quay, Dublin 2.

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Email [hello@savvi.ie](mailto:hello@savvi.ie)

[www.savvi.ie](http://www.savvi.ie)

Savvi Credit Union Ltd is regulated by the Central Bank of Ireland. Registered in Republic of Ireland: Register No. 275CU

