

Heritage Credit Union

Annual General Meeting 2024

Minutes of the Annual General Meeting (Hybrid)

Heritage Credit Union Ltd

Radisson Blu Royal Hotel

28th January 2025 at 7.30pm – 9.30pm

The Chairman, Colm Lawless opened the meeting and welcomed everyone and introduced Alan Roche CEO of Heritage Credit Union (HCU). He advised of the housekeeping notices, confirmed that no proxies had been received and that a quorum was present at the meeting.

Invocation

The Invocation was read by the Chairman.

Minute's Silence

The Chairman held a minute's silence to acknowledge the members that sadly passed away during the year.

Standing Orders

The Standing Orders were adopted on the proposal of Marie Kelly and seconded by Eilish Ryan. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Minutes of Previous AGM

The minutes of the 2023 Annual General Meeting were taken as read on the proposal of Mary Cullen and seconded by David Byrne. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Matters Arising from the Minutes

There were no matters arising.

Chairman's Report

Heritage Credit Union

Annual General Meeting 2024

The Chairman presented highlights from the report. He informed those present that this is his last AGM as Chairman and commented on the privilege it is for him to hold this position and work with the Staff, Board of Directors and Board Oversight Committee Members of HCU. He also welcomed the new members from Cabra Credit Union.

The Chairman advised that HCU's achievements would not be possible without the dedication of an exceptional team and he acknowledged the CEO, Management Team and staff of HCU and he sincerely thanked them and his colleagues on the Board too. He welcomed Brian Kelly and Mark Hegarty and thanked Conor Duff the outgoing Director for his contribution to HCU.

Looking ahead to 2025, he advised of the emphasis on the Common Bond and further embedding this. He noted the 60th anniversary and the commemoration events held including, 60 €1k grants distributed back to the community across a wide range of groups and organisations. He added that they will continue to focus on members and the Common Bond and enhance services and new offerings in 2025 including Fixed Term Deposits. The Chairman confirmed that this will be a year of activity and feedback with an even more fulfilled Strategic Plan and invited members to contact him.

The Chairperson's Report was proposed by Marie Kelly and seconded by Mícheál McLoughlin. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Consideration of Accounts

The CEO commented that the figures presented represent more than just figures and tell a story of HCU's commitment to supporting their members and strengthening the Communities.

He presented the financial accounts including Total Assets at €245.2m, Loan Book at €81.5m, Savings €207.9m, Total Income is at €8.92m, Surplus is at €1.17m and Expenditure is at €7.7m. He highlighted Management Expenses and noted Share and Loan Insurance at €1.16m, Computer Maintenance at €560k, Regulatory levies and charges at €350k as well as Light & Heat, Professional Fees and Bank Charges.

Referring to the Balance Sheet, he advised that Loans to Assets has improved to 33.24% and more members' savings are being put to work in the community. Total Liabilities and Reserves are at €245.2m and the CEO confirmed that strong reserves remain critical for protecting members' savings and enabling growth.

He noted the PEARLS ratios and commented that while the return on asset ratio indicates room for improvement, it is important to note that this factors in costs e.g. sustaining a large branch network to ensure that they maintain a continued presence in communities and it reflects HCU's strategic choice to invest significantly in service development. The slight

Heritage Credit Union

Annual General Meeting 2024

decrease in loan return rates is a planned outcome of the mortgage lending growth, which provides more sustainable long-term income and portfolio diversification. He noted the lending growth of 8.8% which demonstrates healthy organic expansion, demonstrating the success of a balanced approach to growth and investment.

The CEO advised that 2024 saw significant investment in technological advances that they have and are continuing to work towards transforming HCU's service delivery. They migrated servers to the Cloud which ensures 24/7 reliability for members who wish to engage with the Credit Union online and investment in new lending technology has led to a 78% reduction in the time that it takes for members to receive a decision on their loan application.

He presented an overview of a decade of growth for HCU including loan growth, members' savings, staff, increased branches and spoke of member services and innovations introduced. In addition, he presented an overview of the age demographic requested at the previous AGM and presented a breakdown of the age range of borrower and average loan balance.

The CEO informed those present that HCU's financial position is strong however they must continue to seek opportunities for growth, and he thanked the staff of HCU, members of the Board and the Board Oversight Committee, Volunteers and the membership for their continued support.

Member Questions – Consideration of Accounts

Pat McNamara referred to HCU's age profile which appears encouraging as a lot of young members won't interact with the Credit Union if they don't have a good IT infrastructure in place, so this is positive. The CEO agreed and advised of the new Mobile App that will be launching in 2025 too.

Pat McNamara suggested holding the AGM in the afternoon and another member suggested a location closer to a bus stop/Luas stop and this was acknowledged.

A member queried the Savings Limit and asked for more information. The CEO responded and advised of the rationale for the Savings Cap and noted the Monthly Savings Cap too.

David Byrne queried the timeframe for a Death Claim. The CEO acknowledged this timeframe is too long and advised of the improvements made in this area. He indicated that it will be 1 month for approximately 90% of claims and 1 day for approximately 10% of claims and this will be coming into effect in March.

Rose Noon queried if there will be a Deposit Account with Interest. The Chairman confirmed this will be the case and that they are expanding this further in February.

Heritage Credit Union

Annual General Meeting 2024

Eilish Ryan queried the difference between a Dividend and Deposit Account being introduced. The Chairman advised of the value of the Dividend to the average member and the cost to the Credit Union. Therefore, a strategic decision was made to offer a more meaningful return to all members, and he noted the positive uptake of the Deposit Accounts.

Eilish Ryan asked if a Dividend is a thing of the past now. The CEO responded and indicated that a traditional Dividend is unlikely to return until the Credit Union achieve a higher level of assets lent out. The Chairman highlighted that in recent years the CBI had discouraged the distribution of Dividends too, to protect Reserves.

Thérèse Osborne raised the ILCU Foundation and suggested a €1 donation per member be made for volunteers overseas. The Chairman advised that they are very familiar with this Foundation and indicated that HCU will be contributing.

John Flanagan noted the number of Mortgages granted and asked if HCU plan to expand this. The Chairman confirmed that this is the case and noted the Mortgage Sub-Committee appointed to ensure applications are dealt with efficiently. He noted HCU's approach with focus on 1st Time Buyers and Switchers.

The report was proposed by Daphne Byrne seconded by David Byrne. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Auditor's Report

The Chair introduced Colin Feely to the meeting. He informed those present that they have audited the financial statements for the year ended 30th September 2024, which comprised of the following; the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and the related notes including the summary of the signing of significant accounting policies.

In their opinion, the financial statements give a true and fair view in accordance with generally accepted accounting practices in Ireland of the state of the credit union's affairs as at 30 September 2024 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. Based solely on the work undertaken during the audit, he reported that they have obtained all the information and explanations which, to the best of their knowledge and belief, were necessary for the purposes of the audit. In their opinion, proper accounting records have been kept by the Credit Union. The financial statements agree with the accounting records of the Credit Union, and the financial statements contain all primary statements, notes and significant accounting policies required to be included in accordance with Section 111, subsection 1, Part C of the Act.

Heritage Credit Union

Annual General Meeting 2024

He thanked the Board, Management and Staff for their assistance throughout the audit and commended the members for their continued support to the Credit Union.

The report was proposed by Marie Kelly and seconded by Hughie Sheridan. A vote was taken, and this was adopted by a majority of two-thirds of the members present and 1 vote against.

Member Questions – Auditor's Report

Des Gunning noted that there is a commitment in the Programme for Government to Include Credit Unions among the financial institutions to which the Dormant Account Act applies and queried how significant is that likely to be for HCU. He also asked is HCU aware of recommendations to the Dormant Accounts Board, in its 2012 annual report that Credit Unions be allowed to link dormant balances to Section 44 as per the 1997 Act. The CEO confirmed that they are aware of the Provision in the Programme for Government, however he confirmed that Credit Unions are not subject to the Dormant Legislation and he outlined the Credit Union process for Dormant Accounts. He confirmed that it is their intention to keep the members' funds within the Credit Union and for members to re-activate and use their accounts.

Report of the Board Oversight Committee (BOC)

The Chairman introduced Ursula Lynam, and she presented this report. The BOC operate as an independent function within Heritage Credit Union Limited. The role and responsibility of the BOC is to oversee on behalf of the Members the performance of the Board of Directors as defined by the Credit Union Act 1997, as amended by the Credit Union and Co-Operation with the Overseas Regulations Act, 2012. The BOC assesses if the Board has operated in accordance with Part IV of the Act.

The Board Oversight Committee's responsibility is to the members of the credit union to allow it to be an independent voice in the interest of the members. This relates to the duties and responsibilities assigned to the Directors of the Board. The Board Oversight Committee also monitors how well the Board activities are performed, this involves attending all Board meetings, reviewing communications and documentation.

Monthly meetings are held, and the Board Oversight Committee review the correspondence meeting minutes, reports, policies and other communication as appropriate. The performance of the Sub-Committees on both the individual and collective workings of the Board is considered on an ongoing basis and reported back to the Board four times a year at meetings held specifically for that purpose.

Heritage Credit Union

Annual General Meeting 2024

The Board Oversight Committee is pleased to report that in their view, a high-level, high-quality governance structure is in place and that they will continue to improve their knowledge by keeping technically up to date through attending development courses. She confirmed that the Board Oversight Committee is satisfied that Board's function is in the best interest of the members.

The Board held in person meetings, resulting in strong communications and discussions at all meetings, and held an off-site strategy day, resulting in excellent collaboration and discussions, strong governance with good evidence of the Board Directors having independent thought resulting in appropriate overseeing of the management's running of the Credit Union. She thanked her colleagues, the volunteers on the Board Oversight Committee, Liam Dolan and Juracy Junyor.

Member Questions – BOC Report

Pat McNamara commended the BOC and queried if Board members are included in the Prize Draw. The Chairman confirmed that neither the members of the Board or the BOC are included in the Prize Draw. It was confirmed that staff are included, however the CEO out of personal preference is not included in the Draw.

This report was proposed by David Byrne and seconded by Fiona Flynn. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Committee Reports

The Chairman proposed that these reports be taken as read.

Credit Committee

This report was proposed by Michael McLoughlin and seconded by Daphne Byrne. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Credit Control Committee

John Anderson noted the bad debt write off at €1m. The CEO acknowledged this and confirmed that this is in line with the average and in proportion of the overall loan book. He confirmed that the Credit Union continues to pursue the debt and spoke of HCU's approach in this regard.

This report was proposed by Marie Kelly and seconded by Pat McNamara. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Heritage Credit Union

Annual General Meeting 2024

Membership Committee

This report was proposed by Anne Carroll and seconded by John Anderson. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Michael Fennelly queried the current relationship status between Credit Unions and the CBI now. The Chairman advised that HCU has an excellent relationship with the CBI with open dialogue.

John Flanagan queried who made the decision to expand HCU. The Chairman confirmed that this was an independent decision made by the Board of Directors and a range of factors were considered. He added that if it is in the best interest of the organisation and the membership, they will consider future Transfer of Engagements.

Community and Marketing Report

The CEO highlighted key activities including the 60 €1k grants to support groups across the Common Bond. They have also engaged a Digital Marketing Officer, and he noted the importance of online social media to showcase what is good about the Credit Union. However, he also noted the importance of face-to-face interaction and confirmed that engagement will increase in these 2 areas in 2025.

Rhona Darcy sought more information on the Scholarship Programme and spoke of the Canadian Scholarship Trust. The CEO responded and shared details of the 5 bursaries offered by HCU annually and advised that the recipients are encouraged to volunteer with the Credit Union too.

Nomination Committee Report

On behalf of the Committee Gerry Dunne spoke of the Committee's work and invited expressions of interest from members to volunteer. He highlighted the requirements and advised of the tenure for volunteers.

Pat McNamara acknowledged the new regulations for volunteers and commented that it is getting harder for Credit Unions to recruit volunteers and expressed his appreciation to all the volunteers involved with HCU for giving up their time freely. Michael Fennelly agreed and spoke of the importance of volunteering and noted other organisations in the same position e.g. GAA Clubs.

Martin McClanney queried how the 12-year tenure rule is applied to volunteers following a merger. The Chairman confirmed this timeframe commences from the time of the merger.

Heritage Credit Union

Annual General Meeting 2024

Rhona Darcy commented that she is of the view this timeframe is too long and spoke of the importance of introducing new people to avoid complacency.

Philomena Pidgeon referred to software development and cyber security. The Chairman confirmed that cyber security is a significant focus for HCU and he noted the robust changes to the infrastructure including Cloud migration and spoke of the benefits and the measures that HCU have taken to protect members' data. The CEO added that this is an area that they have been consistently vigilant of and highlighted the importance for members to take the necessary precautions too and pay attention to all warnings from the Credit Union. He added that HCU staff training is up to date in this area and there have been no successful fraudulent events in the past 12 months.

This report was proposed by Rhona Darcy and seconded by David Byrne. A vote was taken, and this was adopted by a majority of two-thirds of the members present.

Appointment of Tellers

The Chairman appointed Ger Flaherty and Chris Murphy as tellers.

Elections

The candidates for election included:

- Mark Hegarty and Brian Kelly – Board of Directors
- Grant Thornton – External Auditor

Prize Draw

The prize draw was conducted and winners announced.

Election Results

A secret ballot was held, and the following were elected:

Mark Hegarty and Brian Kelly were duly elected to the Board of Directors and Grant Thornton were re-elected as the External Auditor for Heritage Credit Union.

Any Other Business

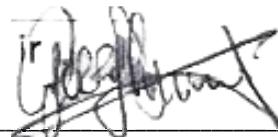
Heritage Credit Union

Annual General Meeting 2024

There being no further business the Chairman thanked everyone for attending and the meeting closed at 9.30pm.



Colm Lawless - Chairperson



Gerry Dunne - Secretary