



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem



2020 Financial Year End

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2020 Year End Circular - Key Messages

- **Loan Provisioning** – The Central Bank expects credit unions to continue to apply a conservative & comparable approach in the measurement of provisions, & to regularly assess loans for objective evidence of impairment.
- **Maintaining & Building reserves** – priority is to maintain and build reserves.
 - Given the level of risk & uncertainty regarding the economic outlook, we expect credit unions to take a prudent approach to reserve management.
 - Maintaining & building adequate levels of reserves is key to ensuring credit union financial stability & resilience.
 - Proposed distributions not expected to feature in 2020 financial year end.
- **Systems of control** – vigilance required regarding potential vulnerabilities in IT systems.



2020 Year End Financial Statements – as at 1 December 2020

	2020 Financial Statements
Number of DFS submitted	118
% of sector submitted	52%

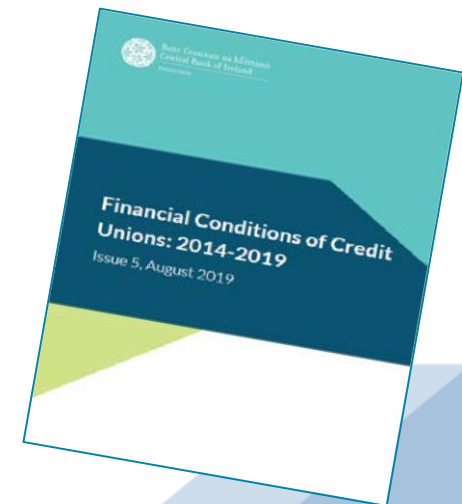
- Credit unions should continue to focus on the timely preparation & audit of their 2020 annual accounts.
- It is important that the financial position of the credit union is finalised, audited & available to inform Board & management decision making & so that it can be presented to members as appropriate.



Overview of Key Financials

	2020 Sept PR Data	2019 Sept PR Data
Average Returns on Assets	0.4%	0.7%
Average Loan to Assets ratio	27%	28%
Average Return on Investments	0.7%	0.9%
Members Shares	€16.32bn	€15.27bn
Average Arrears > 9 weeks	4.8%	4.6%
Bad Debt Provisions	€0.37bn	€0.33bn

- Further information on the financial position of credit unions will be available in our Financial Conditions Publication which we are planning to publish later in December.



AGMs - current requirements/legal position

- Legislation – Credit Union Act, 1997 currently sets out a number of provisions relating to holding Annual General Meetings (AGMs) including the following:
 - In respect of each financial year, an AGM of the members of a credit union shall be held in the State at a time & place provided for under the rules;
 - AGMs must be held in the October, November, December or January following the end of that financial year;
 - Credit union must give notice of the AGM to members at least seven days in advance of AGM setting out:
 - Date, time & place of AGM;
 - Agenda for meeting.
- Proxy voting not permitted.



Key Purposes of AGMs

- All members entitled to attend & vote.
- **Information for members on financial position of the credit union** – *at each AGM, the directors shall lay before the credit union the annual accounts for the financial year & a copy of those accounts must be delivered, together with the notice of the meeting.*
- **Election of new board members.**
- **Member ratification of key decisions including:**
 - Transfer of engagements;
 - Provision of new services;
 - Common bond extensions.



COVID-19 challenges for holding of AGMs

- For 2019 & prior years, credit union AGMs held in physical venues with votes cast by attendees.
- In light of COVID-19 restrictions, consideration given to possible alternative options for the holding of 2020 AGMs including the feasibility of 'virtual' AGMs & 'partially virtual' AGMs.
- However, uncertainty as to whether such formats would meet the legislative requirements of the 1997 Act as:
 - ❑ **virtual AGMs** would not have been contemplated at the time of the enactment of the 1997 Act &
 - ❑ it would seem reasonable to take a view that the reference to **a place** in the 1997 Act would most likely be interpreted to refer to a **physical** place.
- Registry of Credit Unions of the view that AGMs & SGMs should be able to proceed in a manner that **is in line with legislative provisions while meeting public health measures** – legal clarity required.



Finance (Miscellaneous Provisions) Bill 2020

- Following engagement between Department of Finance, Central Bank & sector representatives the Finance (Miscellaneous Provisions) Bill 2020 published on 18 November.
- Bill & Explanatory Notes available on the Oireachtas website – [see link](#).



Finance (Miscellaneous Provisions) Bill 2020

- Bill sets out amendments to the Credit Union Act, 1997 – key provisions:
 - Deadline for holding of AGMs extended to the end of the ‘interim period’ – date of enactment to 30 April 2021.
 - Credit unions, at their discretion, can host General Meetings remotely (wholly or partially) on a permanent basis.
 - Bill includes provisions for AGMs held during the ‘interim period’ & for AGMs held after the ‘interim period’
 - General Meetings can be undertaken remotely during ‘interim period’ notwithstanding any other provisions of the 1997 Act or the rules of a credit union – rule amendments not required in advance of meeting.
 - Holding of General Meetings remotely outside the interim period will only be permitted if provided for in the rules of the credit union.
 - Electronic voting permitted.



Finance (Miscellaneous Provisions) Bill 2020

■ Key provisions cont'd:

- ❑ Board of directors permitted to cancel, relocate or change the means of holding a general meeting where necessary, & permitted to cancel a general meeting due to unexpected & exceptional circumstances.
- ❑ Information to be provided to members in notices.
- ❑ Proxy voting permitted – subject to certain requirements set out in Bill – must be provided for in the rules of a credit union.

- **Timelines** – the Minister has indicated that the Bill is considered a priority for enactment by the Dáil before the end of 2020, but this cannot be guaranteed.



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