



AGM 2025

Clones Credit Union AGM
Thursday 29th January 2026, at 7.30pm
in the Creighton Hotel, Clones

www.clonescu.ie



Please support us

Notice and Agenda -

Clones Credit Union Ltd.

Comhair Chreidmheasa Chluain Eois Teo.

Sixty Sixth Annual General Meeting

will be held in the Creighton Hotel
on Thursday 29th January 2026 at 7.30PM

Agenda

- i. acceptance of proxies (if any) by the board of directors
- ii. ascertainment that a quorum is present
- iii. adoption of standing orders
- iv. reading and approval (or correction) of the minutes of the 65th AGM
- v. report of the board of directors
- vi. Amendments of Rules
- vii. report of the Nominating/Succession Committee
- viii. election of auditor
- ix. election to fill vacancy on Board Oversight Committee
- x. election to fill vacancies on the Board of Directors
- xi. report of the auditor
- xii. consideration and approval of accounts
- xiii. approval or amendment of dividend/interest rebate (if any)
- xiv. report of the Board Oversight Committee
- xv. report of the Credit Committee
- xvi. report of the Credit Control Committee
- xvii. report of the Membership Committee
- xviii. report of the Marketing Committee
- xix. report of Insurance Committee
- xx. any other business
- xxi. Announcement of election results
- xxii. adjournment or close of meeting

Angela Graham
Hon. Secretary

Chairperson's Report

As Chairperson, I am pleased to present my report for the past year and to reflect on the progress, challenges, and strategic decisions taken by your Board on behalf of the members.

This has been a successful year with a surplus of €409,761 and also a year of deliberate and forward-looking decision-making, focused on safeguarding the long-term future of your Credit Union while continuing to meet the evolving needs of our members and community.

Strategic Investment and the Decision Not to Pay a Dividend

One of the most significant priorities for the Board during the year has been the continued development and strengthening of our current account service. At a time when no mainstream bank remains in our town, it is essential that your Credit Union can provide a full, modern banking service locally.

However, members should be aware that current accounts are an extremely expensive service to operate. They require ongoing investment in technology, compliance, and operational support.

In addition to this, the Credit Union sector is experiencing significant increases in IT and

cybersecurity costs. These investments are not optional. The Central Bank has issued clear direction to all credit unions requiring enhanced IT resilience, cybersecurity controls, and system protections. Furthermore, these investments are also required to ensure compliance with the Digital Operational Resilience Act (DORA), which comes into force in January 2028. This legislation places strict obligations on financial institutions to strengthen ICT systems, manage cyber risk, and ensure operational resilience.

Taking all of these factors into account, the Board made the considered and responsible decision not to pay a dividend this year. While we understand that this may disappoint some members, we firmly believe that reinvesting our resources into IT, cybersecurity, and current account development is essential to protecting members' funds, meeting regulatory obligations, and securing the future of your Credit Union. The Board intends to maintain this focus on current accounts and system resilience for at least the next 12 months.

Listening to Our Members

Strong governance depends on understanding members' needs. At the beginning of January, we issued a member survey to help us better understand how you

use our services and what you would like to see developed in the future.

I strongly encourage all members to complete the survey, either online or in the office. The information gathered is vital to management, planning, and the long-term success of your Credit Union. Your feedback will directly influence future decisions.

The Role of Volunteers – A Personal Reflection

Every Credit Union depends on volunteers, but for me this is not just a principle — it is a personal experience. As a volunteer with Clones Credit Union for the past number of years, I can honestly say that being involved has been one of the most rewarding roles I have undertaken.

It has given me the opportunity to contribute to something that genuinely makes a difference in our community, to work alongside dedicated people who care deeply about members, and to help ensure that local financial services remain available to everyone. I have gained valuable experience, built strong connections, and taken great pride in giving back to the Credit Union that serves our town.

If you have ever considered getting involved, I would strongly encourage you to take that step. Please contact the office for more information. Your involvement, skills, and perspective could help shape the future of your Credit Union and ensure it continues to thrive for generations to come.

Returning to an In-Person AGM

I am very pleased that we are returning to an in-person AGM, and I look forward to welcoming as many members as possible. The AGM provides an important opportunity for members to engage directly with the Board and management, to ask questions, and to participate in the democratic life of our Credit Union.

In Closing

On behalf of the Board of Directors, I would like to thank our members for their continued trust, our volunteers for their commitment, and our staff for their professionalism and dedication throughout the year.

Also, to congratulate Brendan Jenkins, once again on his appointment as I.L.C.U President and wish him well in his term in office.

By supporting our current account service, completing the member survey, and considering volunteering, you are helping to ensure the ongoing strength, security, and sustainability of your Credit Union.

I look forward to meeting you at the AGM.

Roy Crowe
Chairman
Clones Credit Union

Credit Control Report

The Credit Control function continued to operate effectively throughout the 2024–2025 financial year, with a strong focus on safeguarding members' funds while supporting members who experienced financial difficulty.

Loan accounts were actively monitored on an ongoing basis, with early engagement used to address arrears at the earliest possible stage. Members were encouraged to communicate with the Credit Union where repayment challenges arose, and appropriate arrangements were put in place where feasible.

The Credit Control Committee worked closely with management to ensure that all actions taken were in line with the Credit Union's Credit Control Policy, regulatory requirements, and best practice.

For the financial year ended 2025, loan write-offs amounted to €3,940, representing a very low level of loan loss and reflecting the effectiveness of the Credit Union's lending practices and arrears management procedures.

The Committee would like to acknowledge and thank the members of the Credit Union for their continued commitment to meeting

their loan obligations. This strong repayment performance has made a significant contribution to the overall financial strength and sustainability of the Credit Union.

Members are reminded that loan performance is reported to the Central Credit Register (CCR), which also records information relating to loan guarantors. It is therefore critical that both members and their guarantors ensure that loan repayments are maintained as agreed. Where a member experiences financial difficulty, the member — and the guarantor where applicable — should contact the Credit Union as soon as possible so that a suitable repayment arrangement can be put in place. Early engagement helps protect the credit record of both the member and the guarantor.

The Committee is satisfied that prudent credit control measures remain in place and that the loan portfolio continues to be well managed. Policies and procedures will continue to be reviewed to ensure the Credit Union remains responsive to members' needs and changing economic conditions.

The Credit Control Committee also wishes to thank management and staff for their professionalism and diligence throughout the year.

Report of the Board Oversight Committee

Financial Year Ended 30 September 2025

The Board Oversight Committee is pleased to present its report to the members for the financial year 2024–2025.

Role and Responsibilities

The Committee is appointed by the members at the Annual General Meeting and operates independently of the Board of Directors and management. Our primary responsibility is to assess whether the Board of Directors has acted in accordance with:

- Part IV of the Credit Union Act 1997 (as amended) and any other applicable legal and regulatory requirements.
- The Credit Union's rules and policies
- Sound governance and risk management practices
- The best interests of the members of the Credit Union

In carrying out our role, the Committee does not take part in the day-to-day management of the Credit Union.

Work Performed

During the financial year, the Committee met as required and undertook its duties by:

- Reviewing minutes of Board and relevant committee meetings
- Engaging with the Board of Directors, management, internal audit, and external audit where appropriate
- Reviewing reports and information provided by the Board to ensure adequate oversight and governance
- Satisfying itself that appropriate systems of control, compliance, and risk management were in place

Findings

Based on the work performed, the Committee is satisfied that:

- The Board of Directors has discharged its responsibilities in a diligent and appropriate manner
- The governance, oversight, and control arrangements of the Credit Union were adequate and effective

Report of the Board Oversight Committee

Financial Year Ended 30 September 2025

(continued)

- No material issues, breaches, or concerns arose during the financial year that required escalation to the members

Accordingly, the Committee confirms that no matters of concern were identified in respect of the performance of the Board of Directors during the 2024–2025 financial year.

The Committee remains committed to fulfilling its statutory and governance responsibilities on behalf of the members and will continue to carry out its role with independence and integrity.

Signed on behalf of the Board Oversight Committee

Vera Murphy Chairperson, Board Oversight Committee

Kitty Cassidy, Secretary
Eleanor Carleton

Acknowledgement

The Committee would like to acknowledge the cooperation and assistance received from the Board of Directors, management and staff throughout the year.

Credit Committee Report

1. Executive Summary

The Credit Committee is pleased to present its report for the 2024–2025 financial period. Clones Credit Union continues to demonstrate a strong and responsible lending activity while maintaining full compliance with Central Bank of Ireland regulatory requirements. Our focus remains on supporting members' financial needs while safeguarding the long-term sustainability of the credit union for the benefit of our community.

2. Loan Book Overview

As at 30 September 2025, the total loan book stood at €17,168,419, representing a solid proportion of the credit union's €45 million asset base. This reflects a loan growth of 7.28% over the period, highlighting continued member demand and the credit union's ability to grow lending in a controlled and sustainable manner.

During the year under review, total loans issued amounted to €7,864,154, demonstrating ongoing demand from members for personal, household, and community-based lending.

3. Lending Activity and Approach

The Credit Committee continues to work closely with management and lending staff to

ensure that all loan applications are assessed fairly, consistently, and in line with regulatory and internal policy requirements. Each application is considered on its own merits, with affordability, member circumstances, and loan purpose at the centre of the decision-making process.

4. Regulatory Compliance

In line with Central Bank of Ireland guidelines, the credit union is required to obtain the following documentation from members when processing loan applications:

- Proof of income
- Recent bank statements
- Clear evidence of the loan purpose for loan balances over €30,000

These requirements are mandatory. They are designed to protect both the member and the credit union by ensuring that loans are affordable and appropriate.

We ask our members for their patience and understanding when staff request this information. Our staff are simply fulfilling their regulatory obligations and working to provide a safe and sustainable lending service for all members.

5. Message to Members

The Credit Committee encourages members to continue making the credit union their first choice for borrowing. By choosing to borrow locally, members directly support the strength and growth of their own credit union.

This ongoing support enables the credit union to:

- Reinvest in local services
- Support members through fair and ethical lending
- Continue making donations and contributions to local clubs, schools, and community organisations

Every loan taken with the credit union helps strengthen our ability to give back to the community we proudly serve.

6. Outlook for 2025/2026

Looking ahead, the Credit Committee remains optimistic for 2025/2026. With continued member support, responsible lending practices, and strong regulatory compliance, the credit union is well positioned to grow its loan book sustainably while maintaining its community-focused ethos.

7. Conclusion

The Credit Committee thanks the Board, management, staff, and members for their continued cooperation and support throughout the year. Together, we remain committed to delivering a strong, compliant, and member-focused lending service that benefits both our members and the wider community.

	2024/2025		2023/2024	
Purpose	Number	Value (€)	Number	Value (€)
Business	0	0	0	0
Car Repairs	48	97,995	59	106,420
Christmas	12	11,200	20	24,230
Computer	0	0	0	0
Covered Loan	214	823,215	209	742,307
Education	2	2,500	9	45,500
Farming	1	14,500	3	39,900
Holiday	31	52,100	45	65,450
House Improvement	316	3,728,395	306	3,322,873
Household Good	55	93,260	72	112,890
Medical/Dental	11	80,450	22	79,650
Miscellaneous	0	0	0	0
Personal	0	0	32	121,796
Student Loan	42	309,600	37	249,100
Vehicle	213	2,488,340	179	1,921,156
Wedding	16	162,600	22	260,600
Total	961	7,864,154	1,015	7,091,872

Nomination/Succession Committee Report

The Nomination Committee is pleased to present its report for the Annual General Meeting of Clones Credit Union. As part of our ongoing commitment to good governance, the Nomination Committee works to ensure that the Board of Directors and Board Oversight Committee of Clones Credit Union is well-equipped to serve the best interests of our members.

In accordance with the Central Bank's Fitness and Probity regime, all individuals who wish to be nominated for a position on the Board of Directors or the Board Oversight Committee must complete a Fitness and Probity questionnaire. This questionnaire will be submitted to the Central Bank for their review and approval as part of the nomination process.

We would like to take this opportunity to remind all members that should you be

interested in becoming a Director or a member of the Board Oversight Committee, you are encouraged to contact the Credit Union office. We welcome the involvement of our members and are always looking for dedicated individuals to contribute to the future of our Credit Union.

As part of our responsibilities, the Nomination Committee ensures that at least one member is nominated for each vacancy on the Board of Directors and the Board Oversight Committee. This ensures that the governance of Clones Credit Union remains strong, transparent, and aligned with best practices.

We look forward to receiving nominations from our membership and appreciate your continued engagement with the Credit Union.

Nomination/Succession Committee Report (continued)

Nominations

Auditor
J.P Rundle & Co Auditors.

Board Oversight Committee
(2 Vacancies)

Kitty Cassidy, Roisin Lalor

The following member retains office with the number of years remaining shown in brackets:

Vera Murphy(1)

Directors (2 Vacancies)
Barry Langan, Pat Leahy

The following Directors hold office with the number of years remaining shown in brackets:-

**Peter Mc Aleer (1), Martin Maguire (1), John Reilly (1),
Celine Smyth (1), Eleanor Carleton (2), Roy Crowe(2),
Cathriona Doran (2), Jolene Fitzpatrick (2), Angela Graham (2)**

Rule 138:- Irrespective of the number of shares held by him, no member shall have more than one vote.
Note: - In order to vote at an AGM a person must hold at least €6 in shares and be over 16 years of age.

Marketing Committee Report

Annual Report 2024–2025

The 2024–2025 year was another successful and progressive year for our Credit Union, with a strong focus on promoting our services, strengthening member engagement, and championing the Credit Union difference. With assets of approximately €45 million, we remain a strong, stable, and trusted financial institution—owned by and run for our members.

Proud to Support Our Community

Supporting our community is at the core of everything we do. Throughout the year, our Credit Union reinvested locally by supporting a wide range of clubs, organisations, and community groups.

Many members, or someone you know, may have directly benefitted from these contributions. We were proud to support **Clones Athletic Club, St. Tiernach's GFC, Aghadrumsee GAA Club, Killeevan GAA Club, Currin GAA Club, Magherarney Community Childcare, and Clones Family Resource Centre**, to name but a few. These organisations are vital to our community, and our support reflects our ongoing commitment to giving back.

Your Support Makes the Difference

As a member-owned organisation, everything we do is made possible by our members. Supporting your Credit Union goes beyond saving—it means **actively choosing us as your first choice for financial services**.

Members can support us by:

- Using their **Clones Credit Union current account** for everyday banking
- **Choosing the Credit Union first when borrowing**

Every loan taken with the Credit Union helps us to remain strong, sustainable, and able to continue investing back into the community.

Take a Loan – Support Your Community

We encourage members to consider their Credit Union as their **first-choice credit provider**. Whether it's for a car, home improvement, education, or everyday expenses, taking a loan with your Credit Union is one of the most direct ways to support local services and community initiatives.

When you borrow from your Credit Union, your repayments stay local—helping to fund community groups, maintain local services, and ensure the long-term future of your Credit Union.

Promoting Our Current Account – Local Banking That Works

A key focus for the Marketing Committee this year was the promotion of our **Credit Union Current Account**. This service represents a major investment and significant ongoing cost, but one we undertook to ensure our members continue to have access to a full

Marketing Committee Report (continued)

range of banking services locally. As the **last remaining financial institution in the town**, we felt it was essential to step in.

To keep this service viable, we need members to open and actively use their Clones Credit Union current account.

Better Value Than the Banks

At just **€4 per month**, our current account is among the cheapest on the market. Even more importantly, it offers the **personal, local service** that Credit Unions are known for—support that many banks no longer provide.

Looking Ahead

In the year ahead, the Marketing Committee will continue to promote Credit Union services, with a strong emphasis on:

- Increasing current account usage
- Encouraging members to borrow locally
- Reinforcing the message that supporting your Credit Union supports your community

We thank our members for their continued loyalty and encourage everyone to **bank local, borrow local, and choose Clones Credit Union first**.

Insurance Report

Life Savings/Loan Protection Insurance is a unique service provided by credit unions affiliated to the Irish League of Credit Unions. The premium for your insurance products is paid for by Clones Credit Union.

Life Savings cover is designed to protect members while they save and in the unfortunate event of the member's death, it can pay a benefit to benefit the person(s) nominated by the deceased member. If you do not have a nomination already set up on your account, please get this done in the

office as soon as possible. The calculation of Life Savings Insurance benefit is based on the member's savings balance, the age of the member and the maximum life savings limit which is €5,000 in Clones Credit Union.

Loan Protection Insurance is the cover for eligible members with credit union loans. If you are an eligible member, this means that you can borrow from Clones Credit Union in the full confidence that your dependents will not be obliged to repay the outstanding loan balance in the event of your death.

Claims paid over the period 01/10/2023 to 30/09/2024

No of claims	Loans	Savings
22	€33,880.44	€21,129.66

Clones Credit Union 2025 Annual Report - Staff Overview

We are pleased to report that this has been a successful and positive year for our Credit Union. Despite ongoing economic challenges and significant investment in our future, we closed the financial year with a surplus of €409,000, reflecting the strength, resilience, and prudent management by your Board of Directors.

Our total assets now stand at €45 million, and this performance is a testament to the continued trust and loyalty of our members, as well as the dedication and professionalism of our staff.

Strong Lending Performance

We experienced a very successful year in lending, which remains central to the sustainability of our Credit Union. During the year, we issued total loans of €7,864,154, demonstrating strong demand for our competitive and member-focused loan products.

At 30 September 2025, our total loan book stood at €17,168,419, reflecting steady growth and continued confidence from members who choose to borrow locally and support their community-based financial institution. We sincerely thank our members for choosing us as their lender of choice.

Our People – Our Greatest Strength

At the heart of our success is our dedicated team, who are committed to delivering personal, accessible, and reliable service

to every member. Unlike many mainstream financial institutions, our staff are available to help, to answer queries, and to provide real support when it is needed. This personal service remains one of our strongest advantages and a core value of the Credit Union movement.

Dividend and Investment in the Future

While this year's surplus is encouraging, the Board and management made the strategic decision not to pay a dividend. This decision was not taken lightly. Instead, we are reinvesting directly into the future of your Credit Union – particularly into our current account service, which is critical to ensuring long-term sustainability.

Current accounts are an extremely expensive and complex product to provide, but they are essential. There is now no other mainstream bank operating in our town. Your Credit Union

Staff Overview (continued)

is the only locally based financial institution offering a full current account service, with real people available to help you face to face.

For this investment to succeed, we urgently need members to open and actively use their Credit Union current account for everyday banking — wages, pensions, direct debits, card transactions, and online payments. Simply put, the more our current accounts are used, the stronger your Credit Union becomes.

Supporting Our Community

True to our cooperative values, we continue to support the local community. During the year, we contributed a total of €24,000 to local clubs, organisations, and community initiatives.

Many of you may have been directly involved in, or know someone connected to, a club or group that received support from us this year. This is the Credit Union difference. Large fintechs and international banks do not support local clubs or community initiatives — we do, because our members are our community.

A Clear Call to Action for Members

We ask every member to seriously consider this:

If you want a local bank in your town, you must use your Credit Union.

Our current accounts offer everything you would expect from any mainstream bank — but better value and better service. The cost is just

€4 per month, and student current accounts are completely free with no monthly charge.

Most importantly, when you need help, you can speak directly to our staff — people you know, who understand the community, and who are here to support you. This level of service simply does not exist with large banks or fintech providers.

By choosing to use your Credit Union current account, you are directly enabling us to:

- Maintain a local banking presence in the town
- Continue investing in services and technology
- Support local clubs and community initiatives
- Secure the long-term future of your Credit Union

Looking Ahead

As we move into 2026, we sincerely thank our members for their continued support and loyalty. We ask that you continue to make us your preferred financial provider — for savings, loans, and especially your everyday banking.

Together, we can ensure that our town continues to have a local, accessible, community-owned financial institution that puts people before profit.

We, the staff of Clones Credit Union thank you sincerely for your continued trust and support.

Rule Amendments

Please note that there has been two amendments to the Standard Rules for Credit Unions arising from League AGM 2025. The wording of the rule amendment is set out below.

Rule 14(1)

That this Annual General Meeting agrees to amend Rule 14(1) of the Standard Rules for Credit Unions (Republic of Ireland) by the insertion of the word “natural” to read as follows:

Rule 14. Person under age 16

(1) A natural person under the age of sixteen:

- (a) may be a member of the credit union, and
- (b) subject to paragraph (2), may enjoy all the rights of membership, other than voting rights, and can give all necessary receipts.

Rule 109

That this Annual General Meeting agrees to amend Rule 109 of the Standard Rules for Credit Unions (Republic of Ireland) by the deletion of Rule 109(3) (a) to (f) inclusive and replacing it with the following:

(3) All complaints under this rule shall be decided in the following manner:

- (a) For the purposes of this rule the complaining party or parties described under paragraph (1) shall be referred to as the complainant.
- (b) The board of directors shall appoint a complaints officer who is suitably qualified and authorised to investigate, and wherever possible resolve complaints, received from complainants.
- (c) In the event that a complaint is not resolved to the satisfaction of the complainant, the complainant may refer the complaint to the Financial Services & Pensions Ombudsman, or other adjudication body as appropriate.
- (d) Nothing in this rule shall prevent the Financial Services & Pensions Ombudsman from investigating and adjudicating a complaint made against a credit union about the provision of, or failure to provide, a financial service, so long as the complaint:
 - (a) falls within the jurisdiction of that Ombudsman, and
 - (b) does not relate to a matter that involves only the governance of the credit union.

Membership Report 2024 2025

During the year, Clones Credit Union continued to demonstrate steady and sustainable growth, reflecting the trust and confidence placed in us by our members and the wider community.

The year opened with a total membership of **7,657**. Over the course of the year, we welcomed **214 new members**, highlighting the ongoing demand for a member-owned financial cooperative that puts people first. During the same period, 118 memberships were closed mainly due to deceased accounts or members moving from the area. This brings total membership at year-end to **7,753**.

This growth is a strong indicator of the relevance and value of the Credit Union within our community. Members continue to choose us not only for our financial products and services, but also for our ethical approach and local focus.

Benefits of Credit Union Membership

As a member-owned financial cooperative, the Credit Union exists solely to serve its members. Decisions are made locally by local people, ensuring that services and policies reflect the real needs of the community we serve. Profits are reinvested to improve member services rather than distributed to external shareholders.

Membership offers access to fair and affordable financial services, including savings and loans designed with members' best interests in mind. Just as importantly, the Credit Union plays an active role in **supporting the local community**, promoting financial wellbeing, inclusion, and resilience.

By choosing the Credit Union, members are not just accessing financial services — they are supporting an organisation that puts people, community, and cooperation at the heart of everything it does.

Financial Statements

FOR THE YEAR ENDED 30th SEPTEMBER 2025

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Directors and Other Information

Directors

Roy Crowe (Chairman)
Barry Langan (Vice Chairman)
Angela Graham (Secretary)
Pat Leahy
Karen Shiels
Martin Maguire
John Reilly
Celine Smyth
Peter Mc Aleer
Cathriona Doran
Jolene Fitzpatrick

Board Oversight Committee members

Vera Murphy
Kitty Cassidy
Eleanor Carleton

CEO

Bernie Gleeson

Registered office and Business Address

The Diamond,
Clones,
Co. Monaghan.

Auditors

J.P. Rundle & Co.,
Moore Hall,
Ardee,
Co. Louth.

Bankers

Bank of Ireland,
Church Square,
Monaghan,
Co. Monaghan.

Solicitors

M.D. O'Loughlin
Parklands Office Park,
Suite 11,
Southern Cross Road,
Bray,
Co. Wicklow

Directors' Report

For the year ended 30 Setember 2025

The directors present their report and the audited financial statements for the year ended 30 Setember 2025.

Principal activity

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

Review of activities and future developments

The directors acknowledge the results for the year and the year-end financial position. The directors are confident of the credit unions ability to operate sucessfully in the future.

Dividends

The directors are not proposing a dividend in respect of the financial statements for the year ended 30th Setember 2025. (2024: The directors did not propose a dividend).

The Credit Union's objectives, policies and strategies

The principal objectives of the Credit Union involves the acceptance of members shares/ savings and lending to members at a fair and reasonable rate of interest in accordance with legislation, criteria determined by the Irish League of Credit Unions and criteria determined by the Credit Union itself.

Principal Risks and Uncertainties

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

Credit Risk : the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in loss.

Lack of Loan Demand: lending in 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: 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: 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: the risk of loss resulting from inadaquate or failed processes or systems of the credit union, any failure by persons connected with the credit union or from external events.

Global Macro Economic Risk: there is an economic and operational risk relating to rising inflation rates, disruption to global supply chains and general uncertainty in the markets as a result of the pandemic and the on-going war in Eastern Europe.

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

Directors' Report (continued)

For the year ended 30 Setember 2025

Credit Risk: the board of directors regularly review and approve 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: this 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.

Global Macro Economic Risk: the board of directors and management closely monitor the developments of rising inflation rates and disruption to global supply chains and markets, and continue to take appropriate actions to mitigate any possible adverse effects on the credit union.

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 employing accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The books of the Credit Union are maintained at the Credit Union's premises at The Diamond, Clones, Co. Monaghan.

Post Balance Sheet events

There have been no significant events affecting the Credit Union since the year end.

Auditors

The auditors, J.P. Rundle & Co, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Act 1997 (as amended).

On behalf of the Credit Union Board



Director 15th December 2025



Director 15th December 2025

Statement of Directors' Responsibilities

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:-

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting

Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Credit Union Board



Director 15th December 2025



Director 15th December 2025

Statement of Board Oversight Committee's Responsibilities

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

On behalf of the Credit Union Board Oversight Committee

Vera Murphy

Director 15th December 2025

Kathy Cassidy

Director 15th December 2025

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Independent Auditor's Report to the Members of Clones Credit Union

Report on the audit of the financial statements

Opinion

We have audited the Financial Statements of Clones Credit Union Limited for the year ended 30th Setember 2025, which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Reserves and Cash Flow Statement and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the Financial Statements:

- Give a true and fair view of the state of the Credit Union's affairs as at 30th Setember 2025 and of its income and expenditure and cash flows for the year then ended,
- Have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- Have been properly prepared in accordance with the requirements of the Credit Union Acts 1997, as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards

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

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

Conclusion relating to going concern

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

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

Independent Auditor's Report to the Members of Clones Credit Union (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on the other matters prescribed by the Credit Union Act 1997 (as amended)

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

- We have obtained all the information and explanations which we considered were necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union, and
- The financial statements are in agreement with the accounting records.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as they determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing for the financial statements, the directors are responsible for assessing the Credit Union's ability to continue as a going

Independent Auditor's Report to the Members of Clones Credit Union (continued)

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

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 Acts 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.



Paul Rundle FCCA - Statutory Auditor

For and on behalf of
J.P. Rundle & Co.
Chartered Certified Accountants
and Statutory Auditors,
Moore Hall
Ardee
Co. Louth

15th December 2025

Appendix to the Independent Auditor's Report

Further information regarding the scope of our responsibilities as auditor

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

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

evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

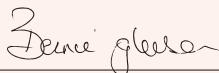
Income and Expenditure Account

For the year ended 30 Setember 2025

	Schedule	2025 €	2024 €
INCOME			
Interest on Members' Loans	1	1,237,509	1,212,194
Other Interest Receivable and Similar Income	2	561,980	531,227
Net Interest Income		1,799,489	1,743,421
Other Income	3	56,489	36,530
		1,855,978	1,779,951
TOTAL INCOME			
EXPENDITURE			
Salaries, pension and other wage costs		577,049	542,604
Other Management Expenses	4	747,885	711,436
Impairment of fixed assets		-	-
Depreciation		74,640	64,193
Net impairment gains on loans to members (note 5)		46,643	54,997
		1,446,217	1,373,230
TOTAL EXPENDITURE			
SURPLUS FOR THE YEAR			
Other comprehensive income		409,761	406,721
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		409,761	406,721

On behalf of the Credit Union

CEO:



15th December 2025

Member of the Board of Directors:



15th December 2025

Balance Sheet

As at 30 Setember 2025

	Notes	2025 €	2024 €
ASSETS			
Cash and Balances at Bank	6	832,600	1,096,550
Deposits and Investments - cash equivalents	7	8,242,465	9,333,647
Deposits and Investments - other	7	19,185,708	17,556,772
Loans to Members	9	17,168,419	16,003,162
Less: Impairment of Bad and Doubtful Debts	10	(1,358,021)	(1,234,545)
Members Overdrawn Accounts	15	347	-
Tangible Fixed Assets	12	704,468	766,796
Prepayments and Accrued Income	13	134,989	138,805
TOTAL ASSETS		<u>44,910,975</u>	<u>43,661,187</u>
OTHER LIABILITIES			
Other Liabilities and Charges	14	812,517	876,575
MEMBERS' LIABILITIES			
Members' Shares	15	35,310,033	34,544,044
Members' Current Accounts	15	<u>173,853</u>	<u>35,757</u>
TOTAL LIABILITIES		<u>36,296,403</u>	<u>35,456,376</u>
MEMBERS' RESOURCES/RESERVES			
Regulatory Reserves	17	5,616,333	5,437,925
Operation Risk Reserves	17	600,000	400,000
MPCAS Reserve	17	-	200,000
Other Reserves			
Retained earnings			
Realised reserves	17	2,246,496	2,047,433
Non-realised reserves	17	<u>151,743</u>	<u>119,453</u>
Total reserves		<u>8,614,572</u>	<u>8,204,811</u>
TOTAL LIABILITIES AND RESERVES		<u>44,910,975</u>	<u>43,661,187</u>

On behalf of the Credit Union

CEO:



15th December 2025

Member of the Board of Directors:



15th December 2025

Statement of Changes in Reserves

For the year ended 30 September 2025

MOVEMENT IN RESERVES	Regulatory Reserve €	Operational Risk Reserve €	MPCAS Reserve €	Dividend Reserves €	Unrealised Reserve €	Undistributed Surplus €	Total Reserves €
Opening balance at 1 October 2023	5,437,925	400,000	-	50,000	79,663	1,830,502	7,798,090
Total comprehensive income for the year	-	-	-	-	-	406,721	406,721
Dividends paid during the year (Note 8)	-	-	-	-	-	-	-
Interest rebate paid during the year (Note 8)	-	-	-	-	-	-	-
Transfer between reserves	-	-	200,000	-	39,790	(239,790)	-
Closing balance at 30 September 2024	5,437,925	400,000	200,000	50,000	119,453	1,997,433	8,204,811
	Regulatory Reserve €	Operational Risk Reserve €	MPCAS Reserve €	Dividend Reserves €	Unrealised Reserve €	Unallocated Surplus €	Total Reserves €
Opening balance at 1 October 2024	5,437,925	400,000	200,000	50,000	119,453	1,997,433	8,204,811
Total comprehensive income for the year	-	-	-	-	-	409,761	409,761
Dividends paid during the year (Note 8)	-	-	-	-	-	-	-
Interest rebate paid during the year (Note 8)	-	-	-	-	-	-	-
Transfer between reserves	178,408	200,000	(200,000)	-	32,290	(210,698)	-
Closing balance at 30 September 2025	5,616,333	600,000	0	50,000	151,743	2,196,496	8,614,572

- 1) The Regulatory reserve of the credit union as a % of total assets as at 30 September 2025 was 12.51% (2023: 12.45%) which is in excess of the required limit of 10%.
- 2) In accordance with Section 45 of the Credit Union Act 1997 as amended Clones Credit Union Limited put in place an Operational Risk Reserve. (This represents 1.34% of Total Assets)

Cash Flow Statement

For the year ended 30 September 2025

	Notes	2025 €	2024 €
Cash and Balances at Bank		1,096,550	1,014,550
Deposits and Investments - cash equivalents		<u>9,333,647</u>	<u>5,055,488</u>
Opening cash and cash equivalents		<u>10,430,197</u>	<u>6,070,038</u>
<i>Cash flows from operating activities</i>			
Loans repaid	9	6,694,957	6,204,222
Loans granted	9	(7,864,154)	(7,091,872)
Loan interest received		1,240,426	1,206,625
Investment interest received		561,980	531,227
Other income received		56,489	36,530
Bad debts recovered		80,773	99,728
Operating expenses paid to include employment costs		(1,388,093)	(1,384,042)
Net cash flows from operating activities		<u>(617,622)</u>	<u>(397,582)</u>
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment		(12,312)	(104,483)
Net cash flow from other investing activities		<u>(1,628,936)</u>	<u>4,768,656</u>
Net cash flows from investing activities		<u>(1,641,248)</u>	<u>4,664,173</u>
<i>Cash flows from financing activities</i>			
Members' shares received	15	18,150,116	16,633,021
Members' shares withdrawn	15	(17,384,127)	(16,575,210)
Net movement in current accounts	15	137,749	35,757
Net cash flows from financing activities		<u>903,738</u>	<u>93,568</u>
Closing cash and cash equivalents		<u>9,075,065</u>	<u>10,430,197</u>

Notes To The Financial Statements

For the year ended 30 September 2025

1. Legal and regulatory framework

Clones Credit Union Limited is established under the Credit Union Act 1997 (as amended). Clones Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland. The principal place of business is The Diamond, Clones, Co. Monaghan.

2. Accounting policies

Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with FRS 102 (*the Financial Reporting Standard applicable in the UK and Republic of Ireland*). The financial statements are prepared on the historical cost basis.

Currency

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

Going concern

After reviewing the credit union's projections, the directors have reasonable expectations 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.

Income

Interest on Members' Loans

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

Investment income

The credit union currently only has investments that are valued at amortised cost, and use the effective interest method to recognise investment income.

Other income

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

Dividends to members and loan interest rebates

Dividends are made from current year's surplus or the dividend reserve set aside for that purpose.

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

- the risk profile of the Credit Union, particularly in its loan and investment books;
- the Board's desire to maintain a stable rather than a volatile rate of dividend each year; and

Notes to the Financial Statements (continued)

- members' legitimate dividend 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.

Clones Credit Union Limited accounts for dividends and rebates of loan interest when members ratify such payments at the Annual General Meeting.

Taxation

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

Tangible fixed assets

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

Depreciation is provided to write off the cost of assets less their estimated residual value, on a straight line basis over their estimated useful lives.

Depreciation is provided on the following basis:

Land	No depreciation	
Buildings	50 years	2% straight line
Fixtures and fittings	5 years	20% straight line
Computer	3 years	33% straight line

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

Impairment of tangible fixed assets

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

Notes to the Financial Statements (continued)

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprises of operating cash on hand, cash deposited with banks and investments with original

maturity of less than or equal to three months.

Financial instruments

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

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

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

Basic financial assets

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

Loans to members

Loans to members are financial assets with fixed or determinable payments.

Notes to the Financial Statements (continued)

Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Investments

Investments are accounted for differently depending on how the different investments are designated at the outset and based on meeting certain criteria. The Credit Union uses the following accounting methods:

a) *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 un-collectability. This effectively spreads out the return on such investments over time, but does take account immediately of any impairment in the value of the investment.

b) *Investments at Fair Value*

Investments held which are considered non-basic financial

instruments under Section 11 of FRS 102 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. 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.

c) *Central Bank Deposits*

Credit Unions are obliged to maintain certain minimum deposits with the Central Bank but may also hold an excess over the regulatory minimum. The regulatory minimum deposits are technically assets of the Credit Union but to which the Credit Union has restricted access. The regulatory minimum portion will not ordinarily be returned to the Credit Union while it is a going concern and are separately identified in note 7. Funds held with the Central Bank in excess of the regulatory minimum requirements are fully available to the credit union and are therefore treated as cash equivalents and included with other on demand cash deposits with banks. The amounts held on deposit with the central Bank are not subject to impairment reviews.

Notes to the Financial Statements (continued)

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.

Impairment of financial assets

Clones Credit Union Limited assesses, at each balance sheet date, if there is objective evidence that any of its financial assets are impaired. That means that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

In the case of impairment of loans to members, the loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

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

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.

De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Credit Union transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

Basic financial liabilities

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

Notes to the Financial Statements (continued)

Financial liabilities - members' shares

Members' shareholdings in Clones 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.

Other payables

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

De-recognition of financial liabilities

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

Employee benefits

Pension scheme

Clones Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees. The ILCU is the principal employer of the Scheme and Clones Credit Union Limited is a participating employer.

The scheme is a multi-employer defined benefit scheme and there is insufficient information for Clones Credit Union

Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, the Scheme is currently accounted for as a defined contribution plan.

If an agreement is entered into with the Scheme that determines how Clones Credit Union Limited will fund a past service deficit, Clones Credit Union Limited shall recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

The credit union also operates a defined contribution pension scheme for certain employees. The assets of this scheme 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.

Short term employee benefits

The cost of short term employee benefits, including holiday pay, are recognised as a liability and as an expense over the period they are earned.

Reserves

Reserves/retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members. The reserves are subdivided into realised and unrealised in accordance with the Central Bank Guidance Note for Credit Unions on

Notes to the Financial Statements (continued)

Matters Relating to Accounting for Investments and Distribution Policy.

Regulatory reserve

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

Operational risk reserve

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union's business.

Dividend reserve, General reserve and Unallocated surplus

The dividend reserve, general reserve and unallocated surplus are the accumulated surpluses to date that have not been declared as dividends or loan interest rebate returnable to members or set aside to the Regulatory or Operational Risk reserves.

Unrealised reserves

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 as a dividend in accordance with the Central Bank direction. All other

income is classified as 'realised'. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date.

3. Use of estimates and judgements

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

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 useful lives are regularly reviewed and changed if necessary to reflect current conditions. In determining these useful lives, technological change, patterns of consumption, physical condition and expected economic utilisation of the assets are considered. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

Impairment losses on loans to members

The Credit Union's accounting policy for impairment of financial assets is set out in the accounting policies. The estimation of loan losses is inherently

Notes to the Financial Statements (continued)

uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured with the emphasis on weeks in arrears and other observable credit risk metrics.

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

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

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 based on the indicative guidance issued by the Central Bank.

Notes to the Financial Statements (continued)

4. Key Management Remuneration

The Directors of Clones Credit Union Limited are all unpaid volunteers. Remuneration of the key management team for Clones Credit Union Limited is as follows:

	2025 €	2024 €
Short term employee benefits paid to key management	207,906	264,184
Payments to defined contribution scheme	34,283	39,266
Total key management personnel compensation	242,189	303,450

5. Net impairment gains on loans to members

	2025 €	2024 €
Bad Debts Impairment	123,476	146,675
Impairment of loan interest reclassified as bad debt recoveries	(15,038)	(16,542)
Bad Debts Recovered and recoveries (net)	(65,735)	(83,186)
Bad Debts Written Off	3,940	8,050
Net Impairment	46,643	54,997

6. Cash and cash equivalents

	2025 €	2024 €
Cash balances	832,600	1,096,550
Deposits and investments maturing in less than 3 months	8,242,465	9,333,647
Total cash and cash equivalents	9,075,065	10,430,197

Notes to the Financial Statements (continued)

7. Deposits and Investments

The Credit Union has the following investments:

	2025 €	2024 €
Irish and EEA State Securities	2,961,214	1,000,021
Accounts in Authorised Credit Institutions	18,111,243	20,600,364
Bank bonds	6,125,478	5,059,796
Central Bank deposits	230,238	230,238
Less Deposits and investments cash equivalents	27,428,173 8,242,465)	26,890,419 (9,333,647)
Total deposits and investments	19,185,708	17,556,772

8. Dividend and loan interest rate

The dividends and loan interest rebate for the current and prior year periods are detailed below:

Paid during the year:

There were no dividends or loan interest rebates paid in the years 2024 or 2025.

Proposed, but not recognised:

There were no dividend or loan interest rebate proposed in the years 2024 or 2025.

The dividend and loan interest rebate is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date.

Notes to the Financial Statements (continued)

9. Loans to members - financial assets

	2025 €	2024 €
As at 1 October 2024	16,003,162	15,123,562
Advanced during the year	7,864,154	7,091,872
Repaid during the year	(6,694,957)	(6,204,222)
Loans charged off during the year	(3,940)	(8,050)
Gross loans and advances to members	<u>17,168,419</u>	<u>16,003,162</u>
Impairment losses		
Individual financial assets	(959,162)	(884,223)
Groups of financial assets	(398,859)	(350,322)
Loan provision	<u>(1,358,021)</u>	<u>(1,234,545)</u>
Net loans as at 30 September 2025	<u>15,810,398</u>	<u>14,768,617</u>

10. Movement in impairment for doubtful debts

	2025 €	2024 €
Opening impairment	1,234,545	996,987
Bad debts incurred during the year	(3,940)	(8,050)
Increase/decrease in impairment	127,416	245,608
Closing impairment	<u>1,358,021</u>	<u>1,234,545</u>

The current impairment in the financial statements is €1,358,021 (2024: €1,234,545), a net movement of €123,476 and represents 7.91% (2024 7.71%) of the total loan book.

11. Credit risk disclosures

The majority of Clones Credit Union Limited's loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. A small number of loans are secured by property, which were not obtained during this period.

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

Notes to the Financial Statements (continued)

- 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 set percentages of the regulatory reserve (large exposure limit),
- restricts the loan duration of certain loans to specified limits (maturity limits), and
- 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 Clones Credit Union Limited's maximum exposure to credit risk. The following table provides information to the credit quality of loan repayments.

Gross loans	2025		2024	
	Amount €	Proportion %	Amount €	Proportion %
Not impaired:	14,736,800	85.84%	13,387,409	83.65%
Gross loans impaired				
Not past due	1,146,539	6.68%	1,047,405	6.54%
Up to 9 weeks past due	1,116,063	6.50%	1,237,605	7.73%
Between 10 and 18 weeks past due	62,408	0.36%	164,132	1.03%
Between 19 and 26 weeks past due	27,842	0.16%	76,534	0.48%
Between 27 and 39 weeks past due	30,018	0.17%	39,665	0.25%
Between 40 and 52 weeks past due	-	0.00%	17,828	0.11%
53 or more weeks past due	48,749	0.28%	32,584	0.20%
Gross loans impaired	2,431,619	14.16%	2,615,753	16.35%
Total gross loans	17,168,419	100.00%	16,003,162	100.00%
Impairment allowance				
Individually Impaired	959,162	70.63%	884,223	71.62%
Collectively Impaired	398,859	29.37%	350,322	28.38%
Total carrying value	1,358,021	100.0%	1,234,545	100.0%

Factors that are considered in determining whether loans are impaired are discussed in Note 3, dealing with estimates.

Notes to the Financial Statements (continued)

12. Tangible Fixed Assets

	Land and buildings €	Fixtures & fittings €	Computer equipment €	Total €
Cost				
At 1 October 2024	3,423,861	520,214	245,785	4,186,860
Additions	-	-	12,312	12,312
Disposals	-	-	-	-
At 30 September 2025	3,423,861	520,214	258,097	4,202,172
Depreciation:				
At 1 October 2024	2,793,861	433,000	196,203	3,423,064
Charge for the year	20,000	27,628	27,102	74,640
Disposals	-	-	-	-
Impairment	-	-	-	-
At 30 September 2025	2,813,861	460,628	223,215	3,497,704
Net book value				
At 30 September 2025	610,000	59,586	34,882	704,468
Net book value				
At 30 September 2024	630,000	87,214	49,582	766,796

13. Prepayments and accrued income

	2025 €	2024 €
Other debtors and receivables	86,486	87,385
Accrued Loan Interest	31,163	34,080
SPS Refund	17,340	17,340
	134,989	138,805

Notes to the Financial Statements (continued)

14. Other Liabilities

	2025 €	2024 €
PAYE/PRSI	9,279	7,679
Pension Funding Deficit	669,018	780,521
Creditors and other accruals	134,220	88,375
	<u>812,517</u>	<u>876,575</u>

15. Members' shares - financial liabilities

	2025 €	2024 €
As at 1 October 2024	34,544,044	34,486,233
Received during the year	18,150,116	16,633,021
Repaid during the year	(17,384,127)	(16,575,210)
	<u>35,310,033</u>	<u>34,544,044</u>

Members' Current Accounts

As at 1 October 2024	35,757	-
Received during the year	292,439	68,683
Repaid during the year	(154,690)	(32,926)
	<u>173,506</u>	<u>35,757</u>
Members Overdrawn Current Accounts	347	-
	<u>173,853</u>	<u>35,757</u>

16. Financial instruments

16a. Financial instruments - measured at amortised cost

Financial assets	2025 €	2024 €
Financial assets measured at amortised cost	<u>39,350,346</u>	<u>35,169,583</u>
Financial liabilities	2025 €	2024 €
Financial liabilities measured at amortised cost	<u>36,296,403</u>	<u>35,456,376</u>

Financial assets measured at amortised cost comprise of cash and balances at bank, deposits and investments, loans and other debtors.

Financial liabilities measured at amortised cost comprise of members' shares, other liabilities, creditors, accruals and charges and other provisions.

Notes to the Financial Statements (continued)

16b. Financial instruments - fair value measurements

FRS102 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 30 September 2025	Total €	Level 1 €	Level 2 €	Level 3 €
Accounts in authorised credit institutions	1,004,142	-	1,004,142	-
Bank bonds	5,092,391	-	5,092,391	-
Collective investment schemes	-	-	-	-
Total	6,096,533	-	6,096,533	-
<hr/>				
At 30 September 2024				
Accounts in authorised credit institutions	2,504,143	-	2,504,143	-
Bank bonds	6,333,745	-	6,333,745	-
Collective investment schemes	-	-	-	-
Total	8,837,888	-	8,837,888	-

There were fair value adjustments of (€4,178) recognised in the income and expenditure account for the year ended 30th September 2025.

Notes to the Financial Statements (continued)

17. Reserves

	01.10.2024	Payment of Dividend and Loan Interest Rebate	Appropriation of Current Year Surplus	Transfers Between Reserves	Balance 30.09.25
	€	€	€	€	€
Regulatory Reserve	5,437,925	-	-	178,408	5,616,333
Operational Risk Reserves	400,000	-	-	200,000	600,000
MPCAS Reserve	200,000	-	-	(200,000)	0
<u>Other Realised Reserves</u>					
Undistributed Reserves	1,997,433	-	409,761	(210,698)	2,196,496
<u>Other Realised Reserves</u>					
Dividend Reserve	50,000	-	-	-	50,000
Total Other Reserves	2,047,433	-	409,761	210,698	2,246,496
<u>Unrealised Reserves</u>					
Interest on loans reserve	34,080	-	-	(2,971)	31,163
Investment income reserve	68,033	-	-	35,207	103,240
SPS reserve	17,340	-	-	-	17,340
Total Unrealised Reserves	119,453	-	-	35,207	103,240
Total Reserves	8,204,811	-	409,761	-	8,614,572

Notes to the Financial Statements (continued)

18. Additional financial instruments disclosures

18a. Financial risk management

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

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Clones Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves Clones Credit Union Limited's credit policy, and all changes to it. 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.

The Credit Union's investments are also exposed to credit risk and the Credit Union mitigates the risk by only placing investments with financial institutions where the counterparties have strong credit ratings and using investment products authorised by the Central Bank.

Liquidity risk: Clones Credit Union Limited'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 objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise. The Credit Union adheres on an ongoing basis to the minimum liquidity ratio and minimum short term liquidity ratio as set out in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

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

Interest rate risk: Clones Credit Union Limited's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable on investments and members' loans when deciding on the dividend rate payable on members' shares and on any loan interest rebate. Clones Credit Union Limited does not use interest rate options to hedge its own positions.

Notes to the Financial Statements (continued)

18b. Interest rate risk disclosures

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

	2025		2024	
	Amount €	Avg. Interest Rate %	Amount €	Avg. Interest Rate %
<i>Financial assets</i>				
Loans to members	17,168,419	7.46%	16,003,162	7.56%
<i>Financial liabilities</i>				
Members' shares	35,310,033	0.00%	34,544,044	0.00%

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.

18c. Liquidity risk disclosures

All of Clones Credit Union Limited's financial liabilities are repayable on demand except for some members' shares attached to loans. The Credit Union retains, at all times, liquid assets amounting to at least the minimum required by regulations.

18d. Fair value of financial instruments

Investments held which are considered non-basic financial instruments under Section 11 of FRS 102 are measured at fair value as set out in note 2 (Investments - b).

18e. Capital

The Credit Union maintains sufficient reserves to buffer itself against any losses on its members' loans and its investments. The current regulatory reserves are in excess of the minimum requirement set down by the Central Bank.

19. Post balance sheet events

There have been no significant events affecting the Credit Union since the year end.

20. Contingent liabilities

There is a contingent liability included in the letter of authority held by Bank of Ireland with regard to electronic funds transfer in the sum of €30,000.

21. Capital commitments

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

Notes to the Financial Statements (continued)

22. Related Party Transactions

	2025		2024	
	No. of Loans €	€	No. of Loans €	€
Loans advanced to related parties during the year	10	178,000	16	376,500
Total loans outstanding to related parties	21	559,181	19	526,175
Total provision for loans outstanding to related parties		44,587		35,626

The total amount of shares held by related parties at the year end was € 579,885 (2024 - € 530,530).

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 the board of directors and the management team of Clones Credit Union Limited.

The total loans outstanding to related parties represents 3.26% of the total loans outstanding at 30th Setember 2025 (2024 - 3.29%).

23. Insurance against Fraud

The Credit Union has insurance against fraud in the amount of €2,600,000 in compliance with Section 47 of the Credit Union Act 1997.

24. Non-Audit Services

It is a requirement that any non audit services provided by the auditor be described in the financial statements. The auditor has provided assistance to the directors in respect of the preparation of these financial statements.

Notes to the Financial Statements (continued)

25. Comparative Information

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

Expenditure account for the year ended 30 September 2022. Clones Credit Union Limited has entered a 10 year funding plan to pay the deficit of which the first year was paid in 2022.

26. The Irish League of Credit Unions Republic of Ireland Pension Scheme

Clones Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

On 31 March 2022, the defined benefit scheme closed to future accrual and although staff retained all the benefits that they had earned in the scheme to that date, Clones Credit Union Limited and its employees ceased making regular contributions to the scheme and ceased earning any additional benefits from the scheme.

At the date of closure of the scheme, there was a past service deficit which was allocated to each individual credit union based on the total benefits earned by staff in each credit union. Clones Credit Union Limited's allocation of that past service deficit was € 1,133,237. This total cost is included in the Income &

As this is a pooled pension scheme, Clones Credit Union Limited remains liable to cover the cost of their share of any future increase in the total cost of providing the pension payments to credit union employees who were part of the scheme. Clones Credit Union Limited could exit the scheme and therefore never have to make a potential additional payment requirement but exiting the scheme would incur a substantial additional cost.

If credit unions exit the Scheme, they are required to pay to the trustees the exit amount which the trustees determine is required to fund benefits in respect of their active, deferred and pensioner members on a "no risk" basis. The exiting credit union thereby settles any liability they have to contribute to the Scheme in the future without increasing the risk for remaining credit unions.

27. Approval of financial statements

The financial statements were approved, and authorised for issue, by the Board on 15th December 2025.

Notes to the Financial Statements (continued)

Schedule 1 - Interest on members' loans

	2025 €	2024 €
Closing accrued loan interest receivable	31,163	28,511
Loan interest received in year	1,240,426	1,127,197
Opening accrued loan interest receivable	<u>(34,080)</u>	<u>(28,511)</u>
Total interest on members' loans	<u>1,237,509</u>	<u>1,212,194</u>

Schedule 2 - Other Interest Receivable and Similar Income

	2025 €	2024 €
Investment income received/receivable within 1 year	526,773	497,006
Investment income Receivable after one year	35,207	34,221
Total investment income	<u>561,980</u>	<u>531,227</u>

Schedule 3 - Other Income

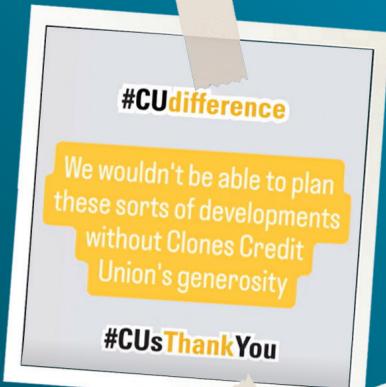
	2025 €	2024 €
Commission	23,076	23,335
Rent Received	15,300	12,700
Fees	423	200
Current Account Fees	3,690	60
Other Income	13,905	-
Cash Over	95	235
Total other income	<u>56,489</u>	<u>36,530</u>

Notes to the Financial Statements (continued)

Schedule 4 - Other Management Expenses

	2025 €	2024 €
Rates	10,249	5,022
Lighting, Heating and Cleaning	23,168	31,728
Repairs and Renewals	28,425	21,253
Security	4,980	6,053
Printing and Stationery	4,911	7,835
Postage, Telephone and Internet Charges	20,019	19,472
Donations and Sponsorship	23,951	32,912
Promotion and Advertising	19,068	35,828
Training Costs	29,689	23,757
Chapter Expenses	1,130	1,246
AGM Expenses	9,347	11,168
Travel and Subsistence	5,506	9,874
Entertainment	5,450	12,552
Bank interest and charges	90,822	38,702
Audit Fee	19,360	19,680
General Insurance	22,031	26,589
Share and Loan Insurance (Gross) & Death Benefit	170,159	157,428
Legal & Professional Fees	51,310	42,091
Computer Maintenance	134,692	102,258
Miscellaneous Expenses	13,181	14,700
Cash Short	315	186
Affiliation Fees	13,067	12,232
Regulatory Levies	47,055	78,870
Total	747,885	711,436

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