

Public Service Credit Union
Minutes of the Special General Meeting
Held on Wednesday, 29th March 2023 at 7.00pm

Venue: the meeting was held a hybrid format

- **using Zoom for remote Members**
- **and in the Radisson Blu Hotel, Golden Lane, Dublin 2.**

Chairperson: Larry Dunne

Secretary: Karen Murphy

Welcome

The Master of Ceremonies (MC) Noel Cocoman welcomed everyone to the Special General Meeting of the PSCU. He outlined that the purpose of the meeting is to consider a transfer of engagements from An Post Employees' Credit Union into PSCU and that all eligible members would have received Section 130 Packs which provide details of the financial position of both An Post Employees' Credit Union and PSCU. The MC advised the membership on key aspects of the meeting including the voting process, how questions from online attendees would be managed and signing arrangements for those with hearing difficulties. The MC introduced the top table – Larry Dunne, Chairperson, Karen Murphy, Secretary, Paul Ryan, CEO, Louise Kennedy, Webmaster and Peter Barry, Project Manager.

The MC began the formal part of the meeting by asking the Chairperson to take the first four items on the Agenda.

1. Acceptance of Proxies (if any) by the Board of Directors

The Secretary reported that no applications for proxies were received by the board.

2. Ascertainment that a quorum is present

The Chairperson declared the meeting quorate.

3. Adoption of Standing Orders

The Chairperson asked for the Standing Orders to be proposed.

Proposed by Lorcan Dunne and seconded by Mary McKeon

The Chairman declared the standing orders as adopted as no objections to their adoption were raised.

4. Appointment of Tellers

The Chairperson nominated Brendan Doherty, Anne Gallen, and Louise Kennedy (for on-line attendees) to act as tellers.

5. Consideration of Special Resolution

The MC advised the meeting that we are now moving to the main agenda item which is the consideration of the a Special Resolution for the credit union to accept a transfer of engagements of An Post Employees' Credit Union (APECU) into Public Service Credit Union. He said that Chairperson Larry Dunne will introduce the proposal. The Chairperson will be followed by CEO Paul Ryan who will go into some further detail about the rationale and business case for the proposed transfer. Finally, Project Manager Peter Barry will give his perspective on the proposal. He advised that there will be opportunities for questions

Chairpersons Address

The Chairman began by outlining the reasons why the two Credit Unions have chosen to merge at this time which include:

- The environment in which credit unions operate has changed dramatically over last 10 to 15 years.
- The PSCU must strive to be relevant to the current membership and relevant to the needs of next generation.
- Staffing requirements for Credit Unions are heavily influenced by legislation and the Central Bank which requires Professionals in a number of areas and that PSCU are competing in an open market with the Banks and other institutions. The additional scale that a merger brings in very helpful in this regard.
- Members are also demanding more services and these require investment in technology and training and staff. Again, greater scale helps sustainability in these areas.

The Chairperson outlined some of the advances PSCU has made in the last few years such as digital services, mortgages, current accounts, deposit accounts and green loans.

He reflected that if Credit Unions do not continue to develop and evolve we will become extinct and that neither of the Boards of APECU or the PSCU are willing to remain in that space.

He advised that the members of APECU had a well-attended meeting on Sunday and voted enthusiastically to join with PSCU and he hopes that the same will happen at this meeting. He asked the CEO Paul Ryan to explain the rationale and business case in more detail, with the benefit of some slides.

Report of the CEO

Before commencing the presentation the CEO declared an interest in that he had served as CEO of APECU for 10 years until 2019 and has been with PSCU since 2019.

The CEO outlined the background to An Post Employee's CU.

The CU was established in 1968 and has evolved over the years and has been on a similar journey to the PSCU. He outlined the Common Bond - members are mainly employees of An Post working the mail centres and delivery offices, the GPO and certain subsidiaries of An Post or associated companies. People who work in An Post owned Post offices are also part of the Common Bond. As are the self-employed postmasters and their staff around the country. There has been consolidation in postal delivery service over the last 10 or 15 years and that has helped APECU with communications etc. The Credit Union operates from an office on Ringsend Road and is in a very strong financial position. Reserves are at the same level as Public Service Credit Union and their loan book is very healthy and very strong.

The CEO outlined the transfer of engagement journey since mid-2022. The Board of An Post Credit Union decided that they wanted to choose a partner to join with and spoke to three Industrial Credit Unions. They selected PSCU because the culture of both CUs aligned very well and also because the PSCU has a strong balance sheet. Once they had decided that PSCU was their preferred option a high level business case was prepared and Project Manager Peter Barry was appointed. Communications began with Central Bank, who indicated that they were happy with the proposal, it then went into due diligence and then onto a detailed level business case.

The CEO outlined the benefits to An Post Credit Union which are:

- Safeguard existing member services
- Access for members to more complex financial services which are already in place in PSCU such as current accounts, mortgages and also critically faster digitisation, faster online services that are likely to be rolled out more effectively in a larger credit Union.
- Join a credit union that is more sustainable and has a strong balance sheet.
- Also means that they stay in the industrial credit union sector – Industrial CUs have certain advantages such as payroll deduction.

The CEO also outlined the benefits for PSCU:

- By joining with APECU the PSCU will grow by 30% - the loan book, reserves, assets and members all grow by about 30%.
- The merger will give extra scale, extra strength and depth. Credit Unions will need more staff, more specialists and more people covering every position from a risk management point of view as products become more complex and risk and compliance becomes more demanding.
- In addition there are only a small number of medium sized industrial credit Unions remaining one of which is An Post - this is an opportunity that won't come again and it would be a huge advantage to the CU to merge with APECU and to welcome those members into PSCU.

The CEO outlined the financial position of both Credit Unions.

- Membership - PSCU 24,000 - APECU 7,500
- Assets PSCU €250m - APECU €63m
- Strong Loan Books with little credit Risk - PSCU €85m and APECU €25m
- APECU Reserves are €12m which is about 90% assets - PSCU Reserves are €47m which is 18.8% of assets.

Both CUs have very strong Reserves the minimum required by Central Bank is 10%. The merged CU would have almost double the minimum CB required reserve. This will make the CU a very solid going concern.

There is a saving cap of €50,000 in PSCU and €30,000 with an Post and for their members if the mergers goes ahead that would rise to €50,000 too.

The CEO asked the Project Manager Peter Barry to make some comments on the process and the benefits to both credit unions.

Comments from Project Manager

The Project Manager set out how the process evolved over the last eight to nine months. He said that his first impressions of the project were very positive, that it was a strategic merger and there were no issues with either credit union. He said that the Central Bank were enthused by the merger and saw it as an important move for the Sector and Industrial Credit Unions. The Central Bank and the firms that carry out due diligence have presented challenges and asked some difficult questions throughout the process. There were a few challenging timelines in the process but the project has worked very well.

He advised that the process is now in the approval phase, he explained that the approval phase is where the members of both credit unions get to decide whether this a good fit or

not. He said that on Sunday Morning the An Post Employee Credit Union SGM had overwhelming voted in favour of the merger and he hopes for the same outcome tonight. He advised that this is the probably the strongest CU transfer of engagements that he has been involved in. He paid tribute to the management teams in both CUs and the Steering Committee. He was struck by the professional nature of both credit unions he said that they are both very driven and are very much member centred which is fundamental to a successful credit union. He finished by saying that he thinks that this merger is a really positive thing for both credit unions. He thank everyone involved.

Q&A

The CEO asked if any questions in the room or online.

Q. Will the prize draw funds and bursary will increase proportionally with 7,500 members who would be joining from an Post CU?

A. There is a very successful car draw at both CUs and both will be merged and as it's a non-profit draw, the prize fund would increase proportionally. It is expected that the Education Bursary which is about €50,000 a year currently would also increase proportionally but that it would take a little longer to work out the details.

Q. Who would be the Auditor for the merged CU?

A. The existing Auditor for the PSCU which is Duffy Burke and Company will be the Auditor. They are a Galway based company with a specialty in the CU Sector.

Q. How does An Post Credit union deal with Debt Relief Notices, PIAs, DRNS and what is their level is at the moment?

A. The PSCU has a full time Credit Controller and APECU have a Credit Controller who works 3 days a week and that between them they've got a good knowledge of Insolvency Services in Ireland. There haven't been many insolvency cases to date and both Credit Controllers are up to speed on the process.

Q. What is the percentage of Insolvency Cases in an Post?

A. There were three cases in APECU. The number in the PSCU was a very small and not significant. These cases mostly occur where the individual has been struggling for a number of years and the loan has already been written-off and is not a live loan.

Q. Will the savings cap be increase for APECU?

A. Yes the savings cap is expected to increase to €50,000 for an Post Members.

Q. Are there any foreseen disadvantages for PSCU members?

A. There are no foreseen disadvantages for PSCU member, it is all on the upside for PSCU.

There were no more questions and CEO handed back to the MC who said we are now proceeding to a vote on the Special Resolution.

Special Resolution

The Secretary read out the Resolution:

That the members of Public Service Credit Union Limited resolve that the credit union accepts the Transfer of Engagements of An Post Employees' Credit Union Limited into Public Service Credit Union Limited in accordance with the relevant provisions of the Credit Union Act 1997 (as amended).

The MC called on the tellers at the Radisson to distribute the ballot paper. The MC asked if everyone had a ballot sheet and for online teller Louise Kennedy to present the voting box on the screen and advised those online that they could now vote.

Raffle

All members who attended the SGM in person and online were included in a raffle for five prizes of €50 One4All vouchers. The list of winners will be listed on the credit union web site and on social media.

Announcement of Result of the Ballot

The CEO read out the voting results which took place in person using ballot papers and on-line, under the supervision of the Tellers.

23 people voted in the online pole - 22 voted in favour and one voted against.

When both the online and physical votes are combined a total of 61 members voted. With 4 Votes against and 57 in favour. The Vote was passed by over 93%.

Close of Meeting

The Chairperson in closing the meeting sincerely thanked all those present for attending - both remotely and in person on such important night in the history of the Credit Union. He said that he is looking forward to the successful amalgamation of the two entities. He expressed special thanks to Mary McKeon who did sterling work on the Steering Committee on behalf of the Board. He also thanked Peter Barry for his work as Project Manager. He said that an ambitious target of 31st March was set for this meeting and had been achieved. He also thanked the both CEOs and their teams for all of their work on the project.

Signed:

Karen Murphy, Secretary

12 December 2023

Larry Dunne, Chairperson

12 December 2023