



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# **Financial Conditions of Credit Unions: 2012 - 2017**

Issue 2, December 2017

# Welcome to 'Financial Conditions of Credit Unions' Publication – 2<sup>nd</sup> Edition

Welcome to the second edition of the statistical information release 'Financial Conditions of Credit Unions'. In this edition, we expand on our sectoral analysis including analysis by credit union asset size and common bond type. In addition, we have updated the credit union sector data table at Appendix 1 to include the position as at 30th September 2017.

At a sectoral level, the overall sectoral position continues to show some signs of improvement – reflected in growth in new lending and a decrease in the level of reported arrears. However, as highlighted in the 1<sup>st</sup> edition published in February 2017, pressure remains on credit union business models, particularly from the continued low level of total loans to assets, currently 27 per cent at a sectoral level, and the low interest rate environment.

Total assets have increased by €3.1 billion between 2012 and 2017 and currently stand at €16.8 billion. During the same period, members' savings have increased by €2.3 billion. Following the decline in the loan to asset ratio from 37 per cent in 2012 to 27 per cent in 2015, there is now evidence of stabilisation with the ratio remaining at 27 per cent since 2015. Average loan arrears reported across the sector continue to show a decreasing trend – reducing from 19.6 per cent in 2012 to 7.4 per cent in 2017 (expressed relative to gross loan balances). Liquidity remains strong in the sector with an average liquidity ratio in 2017 of 36 per cent of unattached savings.

Income has reduced over the period 2012 to 2017. This has been driven in particular by the decrease in loan interest income related to the decline in credit union lending since 2012. In addition, investment income has reduced due to investment returns being experienced by the sector in the current low yield environment, leading to the sector's return on assets ratio falling from 2.3 per cent in 2012 to 1.0 per cent in 2017. Notwithstanding these trends, a reduction in bad debt write-offs, as well as loan provision write-backs, have facilitated credit unions' ability to maintain surpluses. However, the non-trading nature of these factors may not be sufficient to ensure the continued generation of surpluses across the sector going forward.

The established consensus is that sector-led business model development is the way forward, a view we share. The Registry will continue to facilitate, where statutorily possible, the further prudent development of credit unions. In order to find the right product and service mix for credit union members and to compete sustainably with others, factoring in their own capabilities, credit unions need to exploit their uniqueness, the cherished nature of their brand, their local advantages and footprint and their high personal interface with their members. I look forward to engaging with the sector in this regard at the Registry and I hope that this statistical information publication plays a role in informing you on financial trends at a sectoral level and in turn will facilitate the development of the business of credit unions.



**Patrick Casey**  
**Registrar of Credit Unions**

#### Source of Data:

*The data contained and presented in this publication is derived from both recurring and ad-hoc information submitted by credit unions to the Registry of Credit Unions. The recurring data is sourced from the quarterly and annual regulatory submissions that have been collated and consolidated by the Registry's Analytics Team to provide a sector-wide view of financial performance. The data range from 2012 to 2017 relate to credit union data available as at 11 December 2017.*

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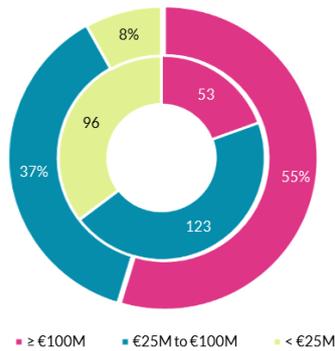
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#### Notes

1. Unless otherwise stated, this document refers to data available on 11 December 2017
2. Unless otherwise stated, the reporting date of data from 2012 to 2017 contained in this document relates to September 30<sup>th</sup> of the relevant year
3. Unless otherwise states, the aggregate credit union data refer to all credit unions operating in the Republic of Ireland
4. Lists of registered credit unions are updated monthly and available at <http://www.centralbank.ie>

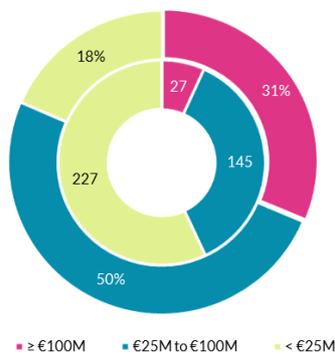
# Financial Conditions of Credit Unions

Chart A1 | Assets Sep-17 by number and percent share



Source: Data submitted by credit unions to RCU

Chart A2 | Assets Sep-12 by number and percent share



Source: Data submitted by credit unions to RCU

Chart A3 | Return on Assets Components

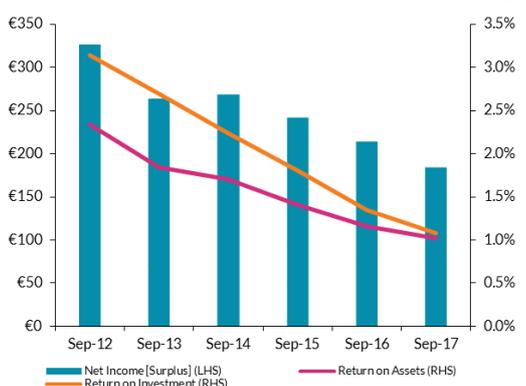
Per cent



Source: Data submitted by credit unions to RCU

Chart A4 | Return on Assets

€ million



Source: Data submitted by credit unions to RCU

## 1.1 Sector Overview

### “Asset size profile/numbers of credit unions continues to change”

The credit union sector has undergone a significant period of change over recent years. Total assets of the sector have increased from €13.7 billion in 2012 to a credit union sector high of €16.8 billion in 2017. The number of active credit unions has decreased from 399 to 269<sup>1</sup> over this period.

The number of credit unions with an asset size greater than €100 million has increased from 27 credit unions in 2012 to 53 credit unions in 2017, and they now account for 55 per cent of the total sector assets compared to 31 per cent in 2012. The number of credit unions with an asset size between €25 million and €100 million has decreased from 145 credit unions to 123 credit unions over the same period, and they now account for 37 per cent of total sector assets, compared to 50 per cent in 2012. The number of credit unions with an asset size of less than €25 million has decreased from 227 credit unions to 96 credit unions over the same period, and they now account for 8 per cent of total sector assets, compared to 18 per cent in 2012. (Chart A1, Chart A2).

Credit unions have experienced an inflow of funding with members’ savings increasing from €11.6 billion in 2012 to €13.9 billion in 2017. During this period, gross loans outstanding have decreased from €5.0 billion in 2012 to €4.4 billion in 2017. New loans advanced have increased by 43 per cent with €1.7 billion of loans advanced in 2012 and €2.4 billion of loans advanced in 2017. Over the same period, reported arrears have contracted from 19.6 per cent to 7.4 per cent.

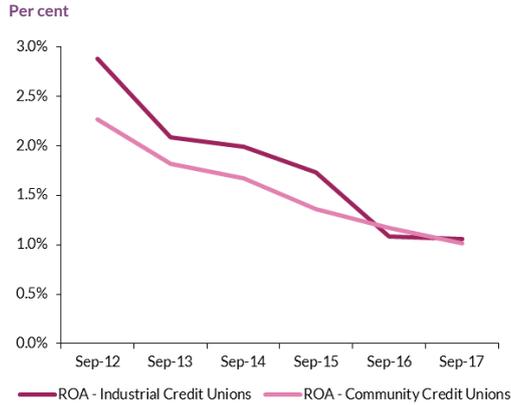
## 1.2 Return on Assets (ROA)

### “Low investment returns depressing return on assets”

Credit union income principally comprises of loan interest income and investment income. While lending has fallen from 2012 to 2015 (with some recovery in 2016 and 2017), loan interest income is still the key contributor to sector ROA - accounting for a positive impact of 2.4 per cent in 2017. While investments constitute 69 per cent of the sector’s income earning assets, the continuing fall in investment income reflects the continued low interest rate environment. In 2017, investment income represents a positive impact of 0.7 per cent on ROA, compared to 1.9 per cent in 2012. Bad debts recovered has consistently contributed positively to a small

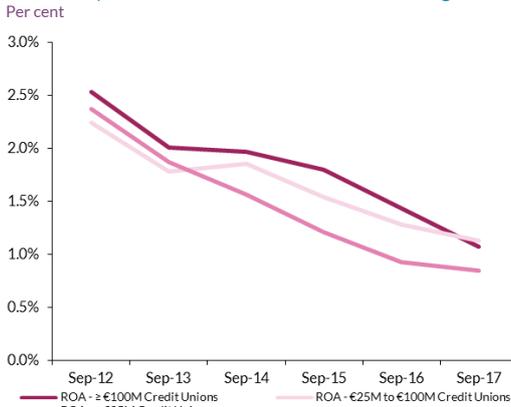
<sup>1</sup> 274 credit unions were active as at 30 September 2017. This has reduced to 269 as at 11 December 2017. September 2017 figures relate to 272 credit unions that reported their September 2017 Prudential Return. A further 2 credit unions did not report on that date.

**Chart A5 | Return on Assets – Common Bond Averages**



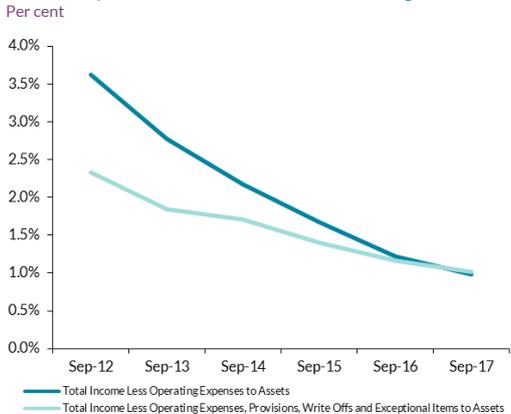
Source: Data submitted by credit unions to RCU

**Chart A6 | Return on Assets – Asset Size Averages**



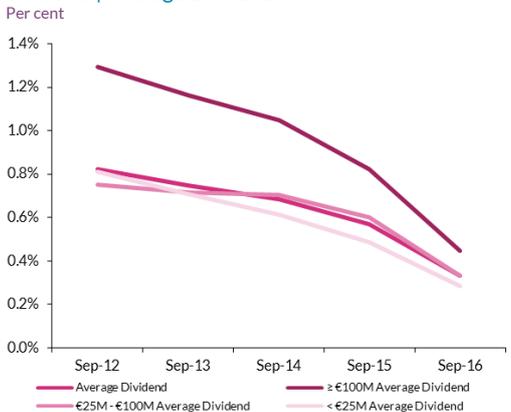
Source: Data submitted by credit unions to RCU

**Chart A7 | Return on Assets - Sector Averages**



Source: Data submitted by credit unions to RCU

**Chart A8 | Average Dividend**



Note: The data for proposed dividends is taken from the Draft Financial Statements of the credit unions. The latest data available for this is September 2016.  
Source: Data submitted by credit unions to RCU

element of income and accounted for 0.3 per cent of ROA in 2017. (Chart A3).

Bad debt write-offs and loan provisions had a negative impact of 1.2 per cent on ROA in 2012. In line with the reduction in loan arrears, this has decreased significantly to having no impact on ROA in 2017 as loan write-offs and provisioning write-backs offset each other. Salary and insurance costs have been significant components of total costs during the period under review with a 2017 negative impact of 0.9 per cent and 0.4 per cent on ROA respectively. (Chart A3).

Total sector surplus has fallen by 44 per cent from €327 million in 2012 to €184 million in 2017.

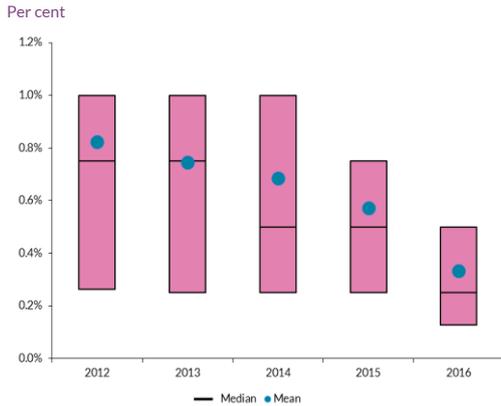
Sector average ROA has fallen from 2.3 per cent in 2012 to 1.2 per cent in 2016, with a further drop in 2017 to 1.0 per cent. Sector average return on investments has fallen from 3.1 per cent in 2012 to 1.1 per cent in 2017. (Chart A4).

ROA for credit unions with an industrial common bond has fallen from an average of 2.9 per cent in 2012 to 1.0 per cent in 2017. ROA for credit unions with a community common bond has fallen from an average of 2.3 per cent in 2012 to 1.0 per cent in 2017. (Chart A5).

The average ROA for credit unions with assets greater than €100 million has fallen from 2.5 per cent in 2012 to 1.1 per cent in 2017. For credit unions with assets between €25 million and €100 million, the ROA has fallen from 2.2 per cent in 2012 to 1.1 per cent in 2017. For credit unions with assets less than €25 million, the ROA has fallen from 2.4 per cent in 2012 to 0.8 per cent in 2017. (Chart A6).

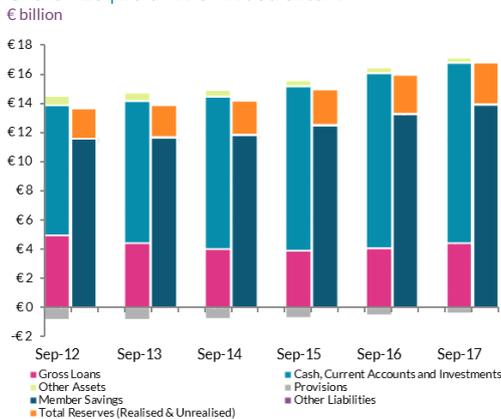
For the sector, net operating income has reduced from 3.6 per cent to 1.0 per cent for the period 2012 to 2017. Net income (after provisions, write-offs and exceptional losses) has decreased from 2.3 per cent to 1.0 per cent. The reduction is driven by reduced income on interest earning assets (mainly investments) and increased operating expenses. The margin between net operating income and net income has narrowed mainly due to provision write-backs. (Chart A7).

**Chart A9 | Dividend Rate Between the 25th and the 75th Percentile**



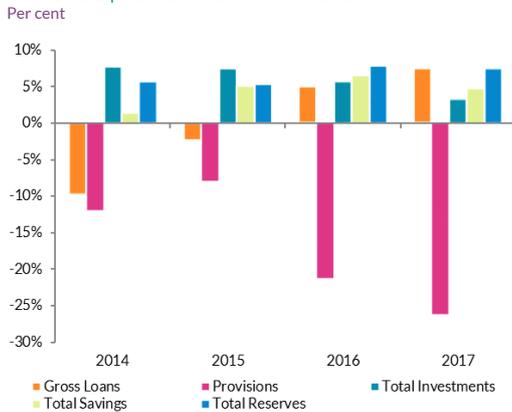
Note: The data for proposed dividends is taken from the Draft Financial Statements of the credit unions. The latest data available for this is September 2016.  
Source: Data submitted by credit unions to RCU

**Chart A10 | Balance Sheet Structure**



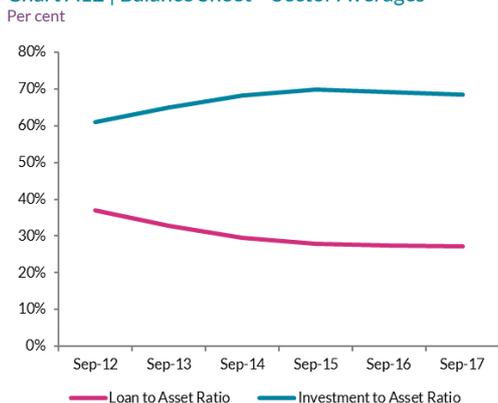
Source: Data submitted by credit unions to RCU

**Chart A11 | YoY Balance Sheet Movement**



Source: Data submitted by credit unions to RCU

**Chart A12 | Balance Sheet – Sector Averages**



Source: Data submitted by credit unions to RCU

## 1.3 Dividends

### “Fall in dividend in line with ROA decrease”

For the period 2012 to 2016, the average sector dividend proposed has decreased from a peak of 0.8 per cent in 2012 to 0.3 per cent in 2016. However, there is a significant variance in dividends across the various credit union asset sizes.

For credit unions with assets greater than €100 million, dividends have fallen from a high of 1.3 per cent in 2012 to 0.8 per cent in 2015, and further again to 0.4 per cent in 2016. For credit unions with assets less than €25 million, dividends ranged from 0.8 per cent in 2012 to 0.3 per cent in 2016. This is a fall of 0.3 per cent from 2015 when the average dividend proposed was 0.6 per cent. For credit unions with assets between €25 million and €100 million, dividends have fallen from a high of 0.8 per cent in 2012 to 0.3 per cent in 2016. (Chart A8).

The range of dividends across the sector has contracted over the period 2012 to 2016. In 2012 the sector proposed dividends between 1.0 per cent (top quarter of credit unions) and 0.3 per cent (bottom quarter of credit unions). This fell to 0.8 per cent (top quarter of credit unions) and 0.3 per cent (bottom quarter of credit unions) in 2015 and further in 2016 to 0.5 per cent (top quarter of credit unions) and 0.1 per cent (bottom quarter of credit unions). The average dividend paid has contracted from 0.8 per cent in 2012 to 0.3 per cent in 2016. The median dividend paid (the dividend paid that lies in the middle of all reported) has contracted from 0.75 per cent in 2012 to 0.25 per cent in 2016. (Chart A9).

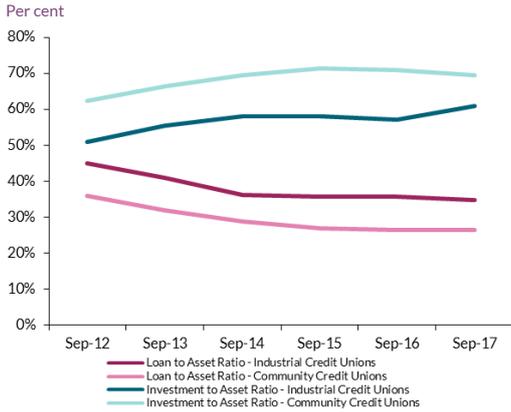
## 1.4 Balance Sheet

### “Assets growing, continued imbalance between investments and loans”

The balance sheet size of individual credit unions is growing with 53 credit unions now reporting assets greater than €100 million, the largest of which has assets of over €400 million. Total sector assets are now €16.8 billion. There has also been growth in total sector reserves and the average realised reserves ratio now stands at 16.7 per cent. 2 credit unions reported a reserves ratio less than 10 per cent at 30 September 2017, 1 of which was below 7.5 per cent. Total member savings have continued to grow in 2017 indicating continued member loyalty. Loan provisions have declined significantly falling by 26% from 2016 to 2017, primarily as a result of both the introduction of the new accounting standard FRS102 and the continuing drop in reported loan arrears. (Chart A10, Chart A11).

Investments continue to make up the majority of sector assets with the investment to assets ratio at 69 per cent, unchanged

Chart A13 | Balance Sheet – Common Bond Averages

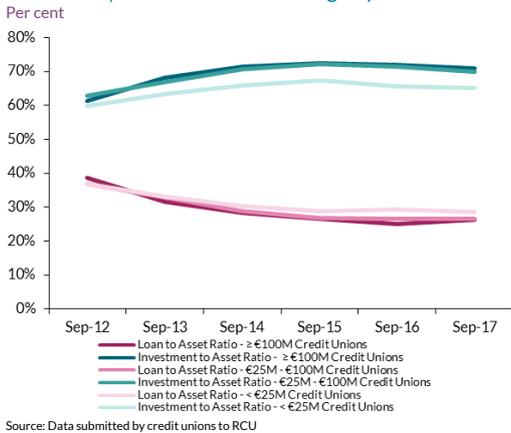


since 2016. While, there has been some growth in credit union loans, arising from the continued increase in savings, there has been no increase in the average loan to asset ratio in credit unions, which remains at 27 per cent since 2015. (Chart A12).

The average loan to asset and investment to asset ratios for credit unions with a community common bond are 26 per cent and 69 per cent, respectively. The average loan to asset and investment to asset ratios for credit unions with an industrial common bond vary from the overall averages and are 34 per cent and 61 per cent, respectively. (Chart A13).

Analysing this by credit union asset size shows that the averages for larger credit unions with assets greater than €100 million and for credit unions with assets between €25 million and €100 million are similar and are in line with the sector averages. The average loan to asset ratio for small credit unions with assets less than €25 million is 29 per cent and is above the overall average and the average investment to asset ratio for credit unions in this asset category is below the overall average at 65 per cent. (Chart A14).

Chart A14 | Balance Sheet – Average by Asset Bucket



## 1.5 Investments

### “Investments growing with returns dropping significantly”

Investments have increased by €378 million in 2017 and now stand at €11.8 billion. This has increased from €8.6 billion in 2012; however, the investment income has decreased from approximately €300 million to €150 million over the same period. (Chart A15).

43 per cent of reported credit union investments are due to mature in less than 1 year. A further 43 per cent of credit union investments are due to mature between 1 and 5 years. 14 per cent of reported credit union investments are due to mature in more than 5 years. (Chart A16).

Chart A15 | Investments and Investment Income

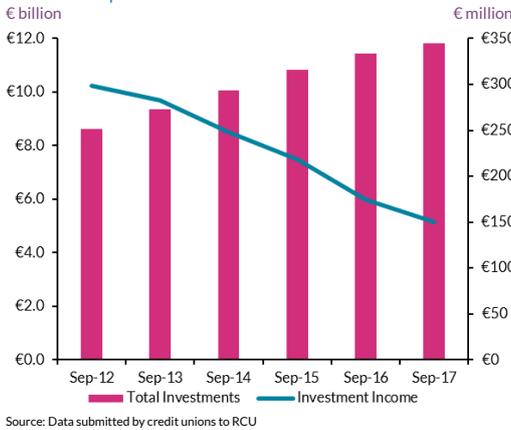
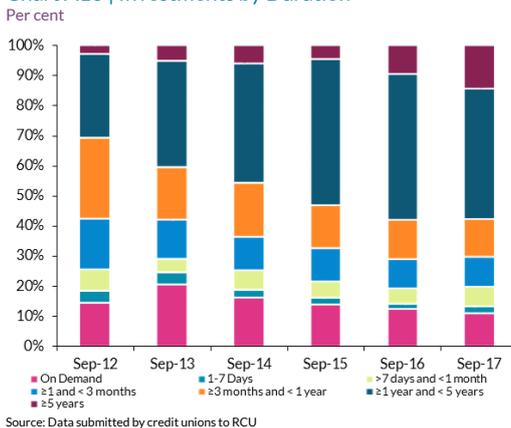
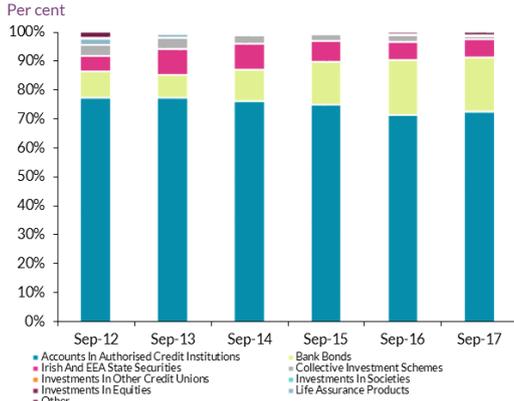


Chart A16 | Investments by Duration



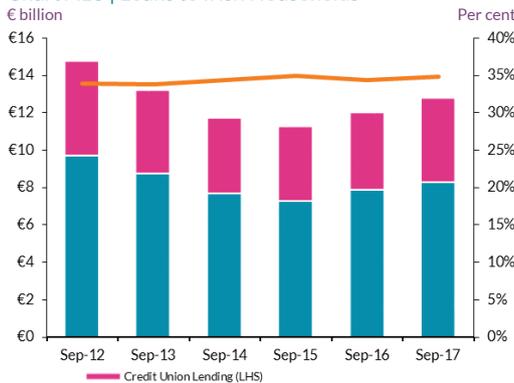
73 per cent of credit union investments are held in deposits with authorised credit institutions. This has decreased slightly since September 2012 when 78 per cent of investments were in this investment class. Investments in bank bonds have more than doubled since 2012, when 9 per cent of investments were in bank bonds, and now 18.5 per cent of credit union investments are in this class of investment. (Chart A17).

Chart A17 | Investments by Category



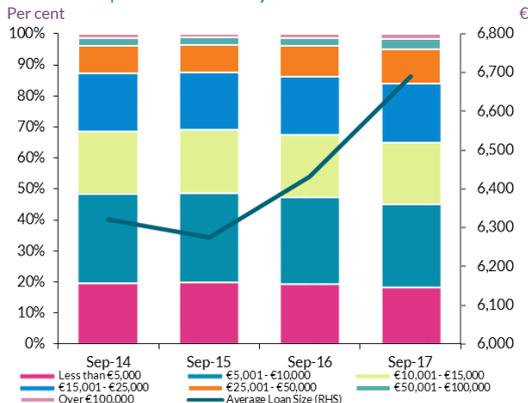
Note: Credit unions do not report investments in equities or life assurance products post September 2015. Credit unions report investments in societies and in other credit unions September 2016

Chart A18 | Loans to Irish Households



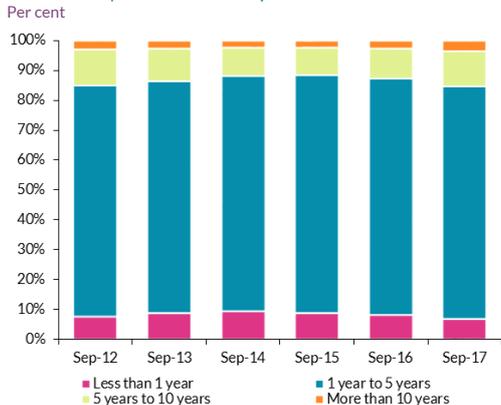
Note: Total Loans to Irish Households relates to personal lending only and does not include lending for house purchases  
Source: Central Bank of Ireland<sup>2</sup>

Chart A19 | Sector Loans By Amount



Note: Credit unions did not report loans by amount pre 2014  
Source: Data submitted by credit unions to RCU

Chart A20 | Sector Loans By Time Period



Source: Data submitted by credit unions to RCU

## 1.6 Lending

### “Signs of some growth and changing loan book profile”

#### 1.6.1 Loan Analysis

Following a decline in total sector credit union lending from 2012 to 2015, gross loans outstanding increased slightly in 2016 to €4.2 billion, and continued to grow during 2017 now standing at €4.4 billion. Following a 6-year contraction of total loans to Irish households (consumer credit) from 2009 to 2015, total personal lending in Ireland grew in 2016 and continued to grow in 2017. Throughout this period, credit unions have sustained their circa 34 per cent share of such personal lending. (Chart A18).

The sector average loan outstanding in a credit union is circa €6,700. The average in credit unions with assets greater than €100 million is circa €7,200, the average in credit unions with assets €25 million to €100 million is circa €6,200 and the average in credit unions with assets less than €25 million is circa €5,900. 45 per cent of credit union lending is for loans of €10,000 or less. Lending for amounts greater than €100,000 has increased from €55.9 million in September 2016 to €71.5 million in September 2017 and lending in this category now accounts for 2 per cent of total gross loans outstanding. (Chart A19).

78 per cent of credit union lending is for loans with a maturity period of 1 to 5 years. Total loans with a maturity period of greater than 5 years represent 14 per cent of the total loans outstanding with 3 per cent of total lending is for loans greater than 10 years. This is significantly below the lending maturity limits set out under the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 which provides that gross loans outstanding with a maturity period exceeding 5 years must not exceed 30 per cent of total lending and gross loans outstanding with a maturity period exceeding 10 years must not exceed 10 per cent of total lending, with higher limits of 40 per cent and 15 per cent available, respectively, subject to approval by the Central Bank of Ireland. (Chart A20).

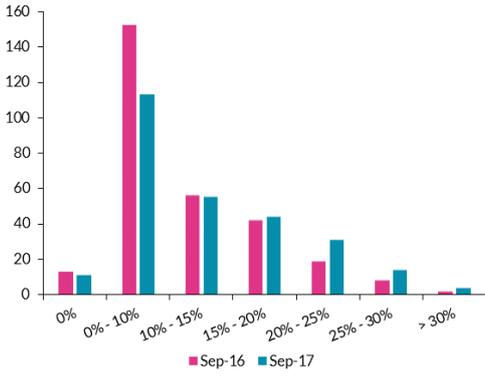
However, there has been an increase in the number of credit unions engaging in higher levels of longer term lending now compared to September 2016 - 49 credit unions now have 20 per cent or more of their loan book in lending greater than 5 years (compared to 29 credit unions in 2016). (Chart A21).

The number of credit unions with higher percentages of their loan book in loans of 10 years or more has increased slightly in 2017 with 13 credit unions reporting that 8 per cent or more of their loan book is in lending over 10 years, compared to 10 credit unions in 2016. 74 credit unions reported having no loans greater than 10 years in 2017. This is a slight decrease on

<sup>2</sup> Credit union data taken from RCU Prudential Returns, total loans to Irish Households taken from website [https://www.centralbank.ie/docs/default-source/statistics/data-and-analysis/credit-and-banking-statistics/bank-balance-sheets/bank-balance-sheets-data/ie\\_table\\_a-5-1\\_loans\\_to\\_irish\\_households\\_-\\_purpose\\_and\\_maturity.xls?sfvrsn=41](https://www.centralbank.ie/docs/default-source/statistics/data-and-analysis/credit-and-banking-statistics/bank-balance-sheets/bank-balance-sheets-data/ie_table_a-5-1_loans_to_irish_households_-_purpose_and_maturity.xls?sfvrsn=41)

Chart A21 | Lending Greater than 5 Years

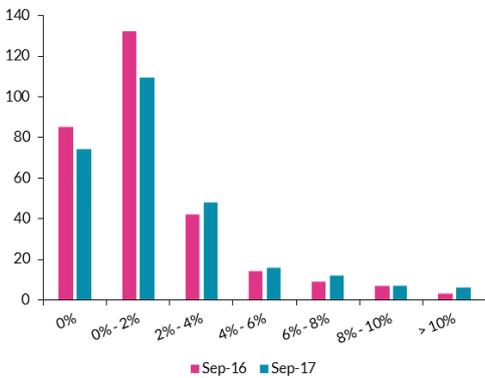
No. credit unions



Source: Data submitted by credit unions to RCU

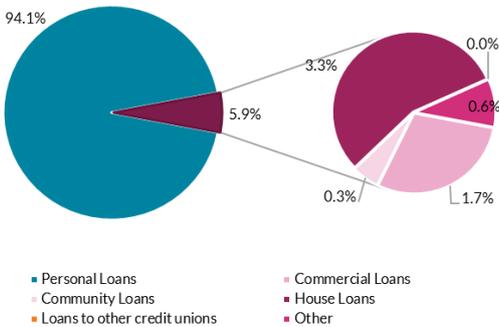
Chart A22 | Lending Greater than 10 Years

No. credit unions



Source: Data submitted by credit unions to RCU

Chart A23 | Sector Loans By Category



Source: Data submitted by credit unions to RCU

Chart A24 | Total Loans and Loan Interest Income

€ billion

€ million



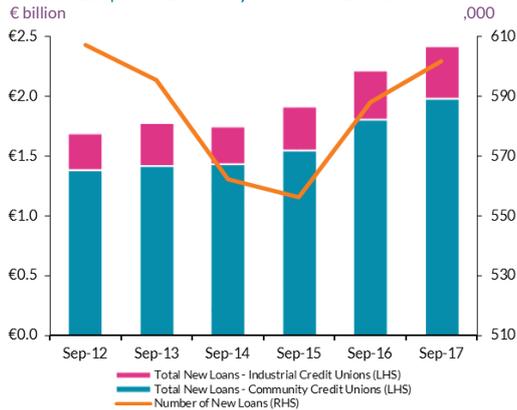
Source: Data submitted by credit unions to RCU

2016 when 85 credit unions reported having no loans greater than 10 years. A further 109 credit unions have 2 per cent or less of their loan book in loans greater than 10 years. (Chart A22).

Credit union lending primarily comprises of personal loans, which account for almost 95 per cent of total gross loans outstanding. 39 per cent of credit unions (106 credit unions) reported engaging in house loans and, in 2017, 3.3 per cent of total sector lending is in house loans (Chart A23).

There has been a slight increase in loan interest income in 2017 in line with the recovery in lending in the year. In 2012 the interest income on loans was €465 million and fell to €341 million in 2016. It now stands at as €359 million, a 5 per cent increase. (Chart A24).

Chart A25 | New Loans by Common Bond



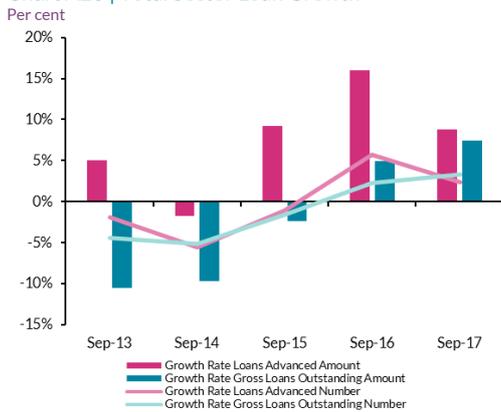
Source: Data submitted by credit unions to RCU

### 1.6.2 New Lending

The growth in total new lending has been driven mainly by the credit unions with a community common bond. There has been 9 per cent growth in new lending in 2017 and this has been across all maturity buckets and loan size buckets. (Chart A25, Chart A26).

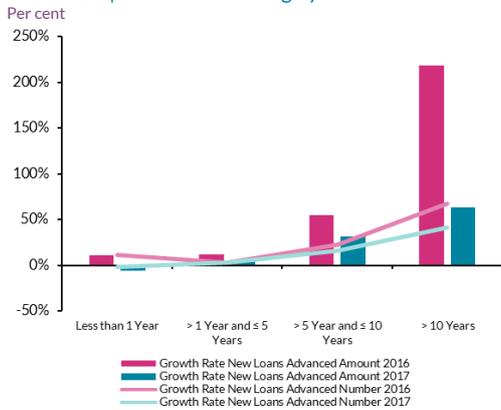
As outlined regarding Chart A22, while there is still a significant number of credit unions not engaging in lending for loans over 10 years, there has been an increase in the amount of new loans in this category since 2016. New lending in lending over 10 years more than doubled in 2016 and grew a further 64 per cent in 2017. (Chart A27).

Chart A26 | Total Sector Loan Growth



Source: Data submitted by credit unions to RCU

Chart A27 | Growth in Lending by Time Period



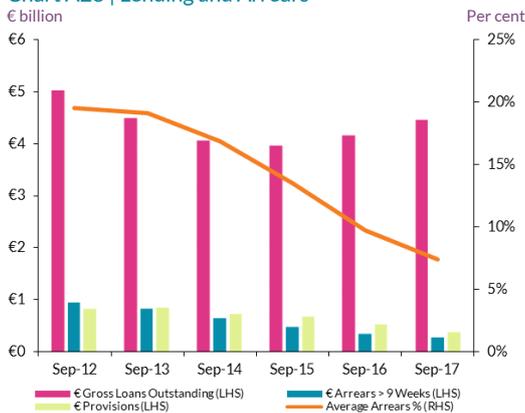
Source: Data submitted by credit unions to RCU

### 1.6.3 Arrears

The total sector loans in arrears greater than 9 weeks currently stands at €279 million and the sector average is 7.4 per cent of total gross loans outstanding. This has fallen since 2016 where average arrears stood at 9.7 per cent and it is a significant decrease from the 2012 average of 19.6 per cent. Provisions have declined by 26 per cent between 2016 and 2017, and provision coverage has decreased following the introduction of FRS102 and the continuing decrease in reported loans in arrears. (Chart A28).

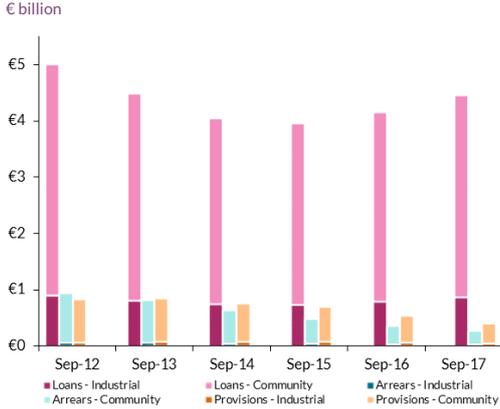
The total arrears for credit unions with an industrial common bond was €24 million in September 2017. Their average arrears were 4.7 per cent. This is below the benchmark of the

Chart A28 | Lending and Arrears



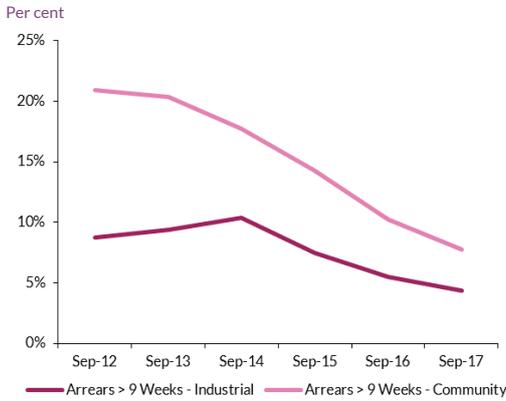
Source: Data submitted by credit unions to RCU

**Chart A29 | Outstanding Loans and Arrears - By Common Bond**



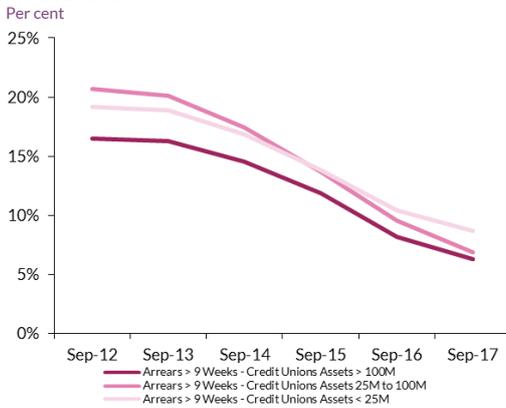
Source: Data submitted by credit unions to RCU

**Chart A30 | Arrears Expressed as a % of Total Loans - By Common Bond**



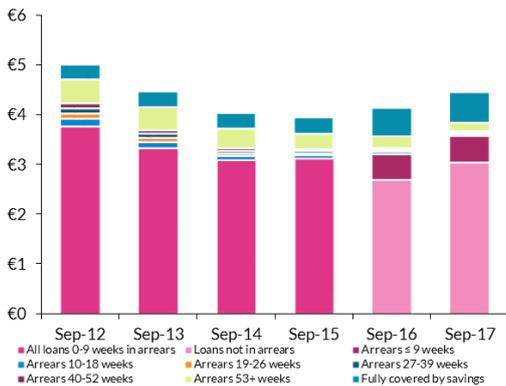
Source: Data submitted by credit unions to RCU

**Chart A31 | Arrears Expressed as a % of Total Loans - By Asset Bucket**



Source: Data submitted by credit unions to RCU

**Chart A32 | Composition of Total Sector Loans**



Note that credit unions have only been required to report the split of loans 0-9 weeks in arrears to loans not in arrears and loans less than 9 weeks in arrears following a change in reporting requirements in 2016

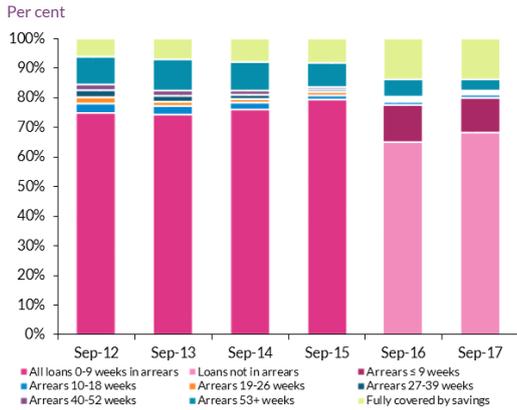
Source: Data submitted by credit unions to RCU

World Council of Credit Unions (WOCCU) of 5 per cent. The total arrears for credit unions with a community common bond was €255 million in September 2017. While their average has been falling since 2012, it is now 7.7 per cent and remains above this benchmark. (Chart A29, Chart A30).

Analysing arrears by credit union asset size shows that the large credit unions with assets greater than €100 million have the lowest average arrears since 2012 at 6.3 per cent, and this is below the sector average of 7.4 per cent. The average arrears for credit unions with assets between €25 million and €100 million is 6.9 per cent and is also slightly below the sector average. Small credit unions, with assets less than €25 million, have the highest average arrears of 8.7 per cent with their arrears falling at the slowest rate. (Chart A31).

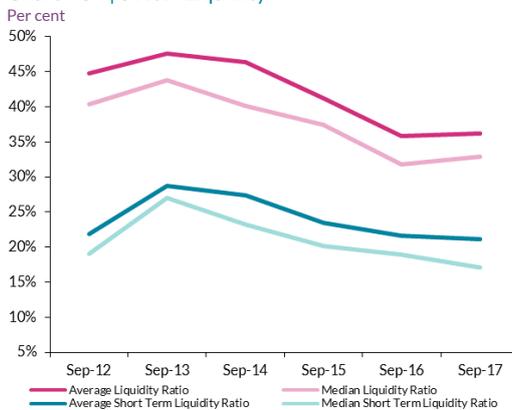
14 per cent of credit union loans are reported to be fully covered by savings, 68 per cent are not in arrears and a further 12 per cent are in arrears less than 9 weeks. Of those in arrears greater than 9 weeks, 62 per cent are in arrears 53 weeks or more. This represents 4 per cent of total loans outstanding and has fallen from 10 per cent at its highest in September 2013. (Chart A32, Chart A33).

**Chart A33 | Composition of Gross Loans Outstanding by Arrears Bucket**



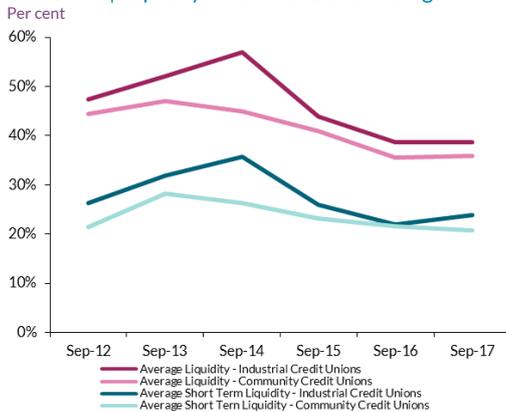
Note that credit unions have only been required to report the split of loans 0-9 weeks in arrears to loans not in arrears and loans less than 9 weeks in arrears following a change in reporting requirements in 2016  
 Source: Data submitted by credit unions to RCU

**Chart A34 | Sector Liquidity**



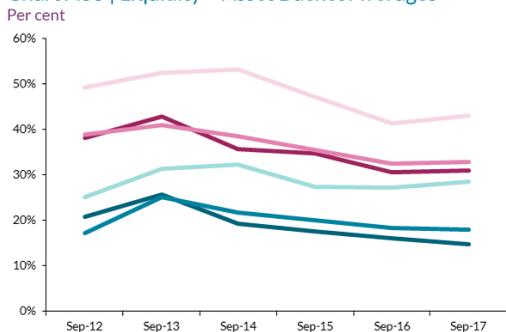
Source: Data submitted by credit unions to RCU

**Chart A35 | Liquidity - Common Bond Averages**



Source: Data submitted by credit unions to RCU

**Chart A36 | Liquidity - Asset Bucket Averages**



Source: Data submitted by credit unions to RCU

## 1.7 Liquidity

**“Sector overall liquidity similar to 2016 levels”**

The average sector liquidity ratio reduced from 48 per cent in 2012 to 36 per cent in 2016, and it has remained at 36 per cent in 2017. Credit unions are required to establish and maintain a minimum liquidity ratio of relevant liquid assets of at least 20 per cent of their unattached savings. 1 credit union reported liquidity just below this minimum. The median (the middle reported value) in this period was 43 per cent in 2012 and 32 per cent in 2017.

The sector average short-term liquidity ratio ranged between 28 per cent in 2012 to 22 per cent in 2017. The median in this period was 24 per cent and 18 per cent respectively. (Chart A34).

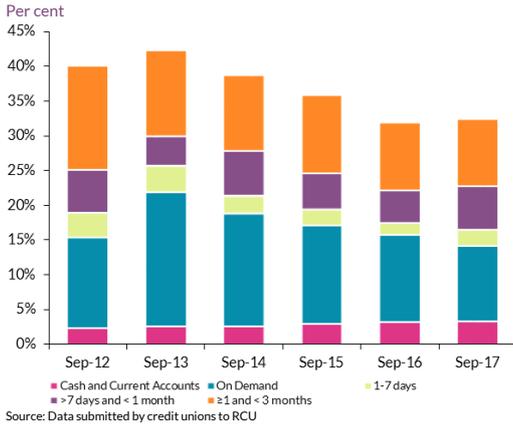
A difference is evident when analysing liquidity by common bond type. Credit unions with an industrial common bond are, on average, holding more liquidity than credit unions with a community common bond. The average liquidity for credit unions with an industrial common bond peaked in 2014 at 57 per cent and currently stands at 42 per cent in 2017. The average for credit unions with a community common bond was 47 per cent in 2012 and stands at 36 per cent in 2017.

The average short-term liquidity for credit unions with an industrial common bond peaked in 2014 at 36 per cent and currently stands at 25 per cent in 2017. For credit unions with a community common bond, average short-term liquidity stood at 26 per cent in 2014 and stands at 22 per cent in 2017. (Chart A35).

A difference is apparent when analysing liquidity by asset size category. Smaller credit unions on average hold more liquidity and more short-term liquidity than larger credit unions. Credit unions with asset sizes less than €25 million held liquid assets of 49 per cent and 43 per cent in 2012 and 2017 respectively. Short-term liquidity held in this asset size category was 25 per cent in 2012 and 29 per cent in 2017. Credit unions with asset sizes between €25 million and €100 million held liquid assets of 39 per cent and 33 per cent in 2012 and 2017 respectively. Short-term liquidity held in this asset size category was 17 per cent in 2012 and 18 per cent in 2017. Credit unions with asset sizes greater than €100 million held liquid assets of 39 per cent and 31 per cent in 2012 and 2017 respectively. Short-term liquidity held in this asset size category was 21 per cent in 2012 and 15 per cent in 2017. (Chart A36).

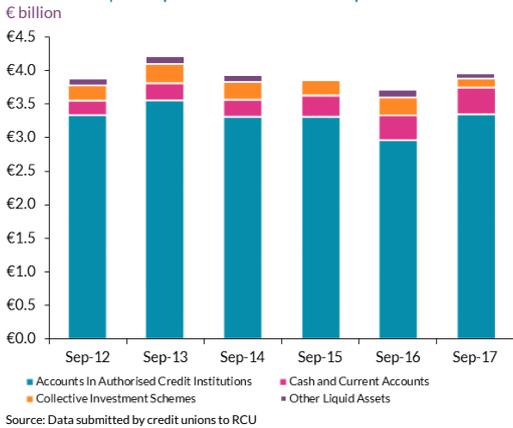
Liquid assets have reduced over the period 2012 to 2017 with liquid assets available between 1 month and 3 months seeing the largest contraction from 15.0 per cent in 2012 to 9.6 per cent in 2017. This is followed by investments available on-demand falling from a peak of 19.4 per cent in 2013 to 10.9 per cent in 2017. (Chart A37).

Chart A37 | Composition of Sector Liquidity Ratio



The credit union sector held liquid assets of €4.0 billion in 2017. Over the period 2012 to 2017 the composition of liquid assets types has not varied to any significant extent with the majority of liquid assets held in “Accounts in Authorised Credit Institutions”. In 2017 there was €3.3 billion (84.4 per cent) of liquid assets held in accounts with authorised credit institutions. (Chart A38).

Chart A38 | Composition of Sector Liquid Assets



## 1.8 Savings

### “Continued growth in savings, reduction in amounts over €100,000”

Total member savings have increased from €13.29 billion in 2016 to €13.92 in 2017. Regular members’ shares account for 63 per cent or €8.64 billion of total sector savings. Special members’ shares account for 34 per cent or €4.72 billion of total sector savings. Members’ deposits account for 2 per cent or €342 million of total sector savings. Total savings has increased (Chart A39).

The average savings amount per member in credit unions was €4,200 in September 2017. 68 per cent of members’ shares are less than €30,000. €4.71 billion of shares are held in accounts of less than €10,000 and €4.72 billion of shares are held in accounts of between €10,000 and €30,000.

The members’ share profile has remained constant over the period 2012 to 2017. The total members’ sector savings has increased by 20.6 per cent since 2012 to €13.9 billion in 2017. (Chart A40).

Following the introduction of the savings limit regulation in the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 which requires that a credit union should ensure that no members shall have total savings which exceed €100,000, the amount of savings per member over €100,000 has reduced significantly across the sector from €122 million in December 2015 and now stands at approximately €74 million in September 2017. €71 million in savings over €100,000 is held in credit unions with asset sizes greater than €100 million. Credit unions where members’ savings exceeded €100,000 on commencement of the regulation were allowed to apply to the Central Bank of Ireland for approval to continue to hold savings in excess of €100,000. (Chart A41).

Chart A39 | Composition of Savings

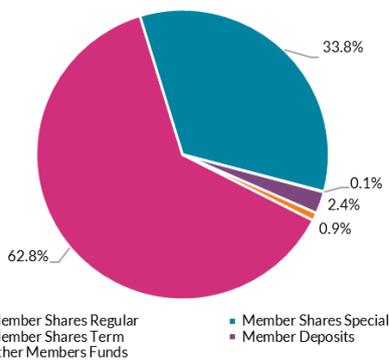
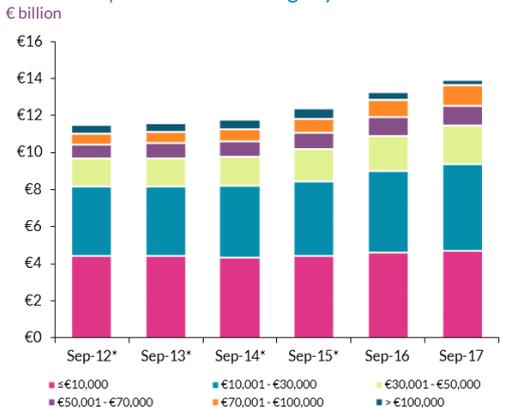


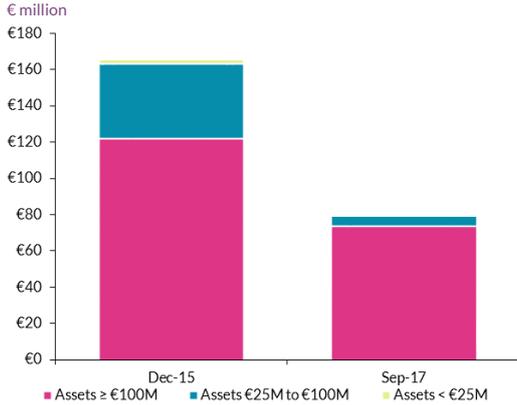
Chart A40 | Total Sector Savings by Amount



Note: The total savings figure post September 2016 is inclusive of Other Member Funds while the figure pre September 2016 does not include this figure. The total sector Other Member Funds for Sep 12, Sep 13, Sep 14 and Sep 15 are €0.06BN, €0.07BN, €0.07BN and €0.08 respectively

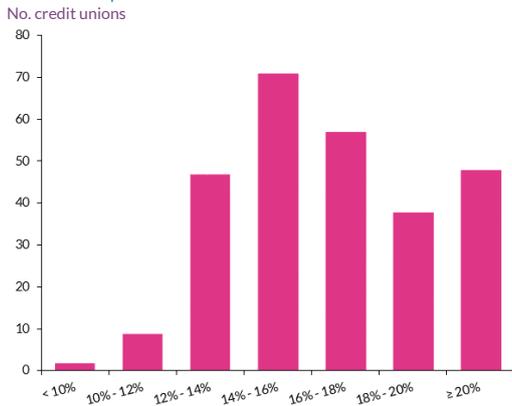
Source: Data submitted by credit unions to RCU

Chart A41 | Total Exposure Savings > €100,000



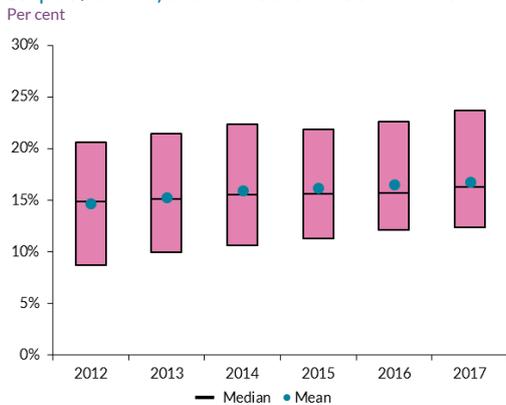
Note that data submitted on the 31 December 2015 represents the amount of savings over €100,000 prior to the introduction of the regulations on 1 January 2016  
Source: Data submitted by credit unions to RCU

Chart A42 | Total Realised Reserves Ratio



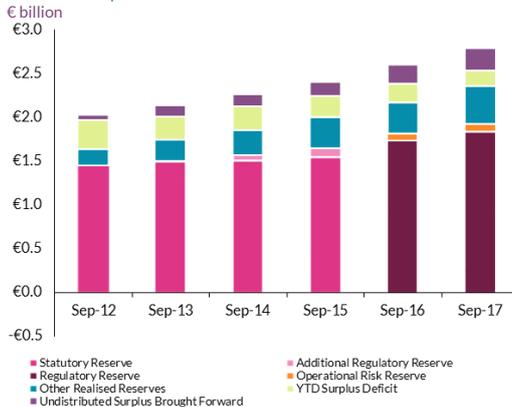
Source: Data submitted by credit unions to RCU

Chart A43 | Total Realised Reserves Ratio (Including Surplus / Deficit) Between 5th and 95th Percentile



Source: Data submitted by credit unions to RCU

Chart A44 | Growth in Reserves



Note that, following a change in the reserve requirements for credit unions commencing in 2016, credit unions are now required to hold an operational risk reserve as well as a regulatory reserve which comprises of the pre 2016 statutory and additional regulatory reserve  
Source: Data submitted by credit unions to RCU

## 1.9 Reserves

### “Continued increase in reserve levels”

Realised reserve ratios in the credit union sector are strong with the majority of credit unions holding reserves in excess of 12 per cent at 30 September 2017. 2 credit unions reported reserves which are less than the minimum 10 per cent regulatory requirement (6.3 per cent and 9.9 per cent). This has decreased from 5 credit unions reporting below 10 per cent minimum in September 2016. 8 credit unions reported reserves of between 10 per cent and 12 per cent. (Chart A42).

Over the period 2012 to 2017 the profile of credit union reserves has strengthened in the sector. When credit unions are ordered by total realised reserve ratio from highest (best) to lowest (worst), the top 5 per cent and bottom 5 per cent of credit union realised reserve ratios were 21 per cent and 9 per cent respectively in 2012 and 23 per cent and 12 per cent in 2017. (Chart A43).

Over the period 2012 to 2017, realised reserves have increased. Despite the falling annual retained surpluses, as distributions have also decreased, this has contributed to the realised reserve growth. (Chart A44).

## Appendix 1 | 2012 to 2017 Credit Union Sector Data Tables

30-Sep-12				
	Asset Bucket			Total Sector
	< €25M	€25M - €100M	≤ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	227	145	27	399
Average Surplus	€0.26M	€1.07M	€4.17M	€0.82M
Total Surplus	€58.67M	€155.33M	€112.70M	€326.70M
Average Assets	€11.17M	€47.44M	€159.23M	€34.37M
Total Assets	€2.54BN	€6.88BN	€4.30BN	€13.71BN
ROA	2.4%	2.2%	2.5%	2.3%
Liquidity	49.3%	39.0%	38.2%	44.8%
Arrears	19.2%	20.7%	16.5%	19.6%
Reserves	15.0%	14.1%	15.2%	14.7%
30-Sep-13				
	Asset Bucket			Total Sector
	< €25M	€25M - €100M	≤ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	219	146	28	393
Average Surplus	€0.21M	€0.84M	€3.40M	€0.67M
Total Surplus	€46.30M	€122.29M	€95.18M	€263.77M
Average Assets	€11.46M	€47.59M	€159.94M	€35.46M
Total Assets	€2.51BN	€6.95BN	€4.48BN	€13.94BN
ROA	1.9%	1.8%	2.0%	1.9%
Liquidity	52.5%	41.1%	43.0%	47.6%
Arrears	18.9%	20.1%	16.3%	19.2%
Reserves	15.4%	15.0%	15.7%	15.3%
30-Sep-14				
	Asset Bucket			Total Sector
	< €25M	€25M - €100M	≤ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	208	141	31	380
Average Surplus	€0.18M	€0.92M	€3.28M	€0.71M
Total Surplus	€37.74M	€129.71M	€101.78M	€269.23M
Average Assets	€11.68M	€48.20M	€161.39M	€37.45M
Total Assets	€2.43BN	€6.80BN	€5.00BN	€14.23BN
ROA	1.6%	1.9%	2.0%	1.7%
Liquidity	53.2%	38.6%	35.7%	46.3%
Arrears	16.9%	17.4%	14.6%	16.9%
Reserves	16.1%	15.7%	16.1%	15.9%
30-Sep-15				
	Asset Bucket			Total Sector
	< €25M	€25M - €100M	≤ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	170	135	37	342
Average Surplus	€0.15M	€0.80M	€2.93M	€0.71M
Total Surplus	€26.07M	€107.39M	€108.24M	€241.70M
Average Assets	€12.21M	€50.18M	€165.08M	€43.74M
Total Assets	€2.08BN	€6.77BN	€6.11BN	€14.96BN
ROA	1.2%	1.6%	1.9%	1.5%
Liquidity	47.3%	35.6%	34.8%	41.3%
Arrears	13.8%	13.7%	11.9%	13.5%
Reserves	16.5%	15.9%	16.0%	16.2%

30-Sep-16				
	Asset Bucket			Total Sector
	< €25M	€25M - €100M	≤ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>119</b>	<b>125</b>	<b>48</b>	<b>292</b>
Average Surplus	€0.13M	€0.65M	€2.44M	€0.73M
Total Surplus	€15.78M	€81.65M	€116.93M	€214.37M
Average Assets	€13.43M	€50.52M	€167.56M	€54.65M
Total Assets	€1.60BN	€6.32BN	€8.04BN	€15.96BN
ROA	0.9%	1.3%	1.4%	1.2%
Liquidity	41.4%	32.6%	30.6%	35.8%
Arrears	10.5%	9.6%	8.2%	9.7%
Reserves	16.8%	16.3%	16.3%	16.5%

30-Sep-17				
	Asset Bucket			Total Sector
	< €25M	€25M - €100M	≤ €100M	
<b>No. Credit Unions that have Submitted Returns</b>	<b>96</b>	<b>123</b>	<b>53</b>	<b>272</b>
Average Surplus	€0.12M	€0.57M	€1.94M	€0.68M
Total Surplus	€11.91M	€70.23M	€102.64M	€184.77M
Average Assets	€14.17M	€50.80M	€173.05M	€61.69M
Total Assets	€1.36BN	€6.25BN	€9.17BN	€16.78BN
ROA	0.8%	1.1%	1.1%	1.0%
Liquidity	43.2%	32.9%	31.1%	36.2%
Arrears	8.7%	6.9%	6.3%	7.4%
Reserves	16.8%	17.0%	16.2%	16.8%

Definitions	
<b>Average Surplus</b>	Average of all 'Year to Date Surplus (Deficit)' reported by individual credit unions in the quarterly prudential return
<b>Total Surplus</b>	Total of all 'Year to Date Surplus (Deficit)' reported by individual credit unions in the quarterly prudential return
<b>Average Assets</b>	Average of 'Total Assets' reported by individual credit unions in the quarterly prudential return
<b>Total Assets</b>	Total of 'Total Assets' reported by individual credit unions in the quarterly prudential return
<b>ROA</b>	ROA (Return on Assets): Average of credit union ROA as calculated from data points reported by individual credit unions in the quarterly prudential returns. ROA calculation is 'Year to Date Surplus (Deficit)' divided by 'Total Assets'
<b>Liquidity Ratio</b>	Average of credit union liquidity as calculated from data points reported by individual credit unions in the quarterly prudential returns. Liquidity calculation is the sum of 'Investments available in less than 3 months' and 'Cash and Current Accounts' divided by 'Total Unattached Savings'. Short-term liquidity ratio is the sum of 'Investments available in less than 8 days' and 'Cash and Current Accounts' divided by 'Total Unattached Savings'
<b>Arrears</b>	Average of credit union arrears as calculated from data points reported by individual credit unions in the quarterly prudential returns. Arrears calculation is 'Gross Loans in Arrears > 9 weeks' divided by 'Total Gross Loans'
<b>Reserves</b>	Average of total realised reserves reported by individual credit unions in the quarterly prudential returns

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