



What has happened?

The High Court has appointed joint provisional liquidators to Drumcondra and District Credit Union after an application by the Central Bank. The Central Bank has taken this action to protect members' savings and to avoid a disorderly failure of the credit union. This action is not related to the exceptional circumstances of COVID-19. Read the full statement on www.centralbank.ie.

Why has this action been taken?

The Central Bank has engaged extensively with Drumcondra and District Credit Union in recent years with a view to ensuring the credit union addressed its financial viability issues. The board of Drumcondra and District Credit Union proactively engaged with the Central Bank to seek to address these issues and in early 2019, it made the strategic decision to pursue a voluntary transfer of engagements. Drumcondra and District Credit Union engaged with a number of credit unions to secure this strategic outcome but ultimately failed to complete a voluntary transfer of engagements process.

The failure to complete a voluntary transfer of engagements was primarily due to Drumcondra and District Credit Union's inability to secure the requisite external financial funding to restore its capital position to the minimum regulatory requirement of 10% of total assets, prior to completing a transfer of engagements.

Following substantive supervisory engagement, the Central Bank completed an assessment of the individual circumstances to determine the most suitable action to be completed. The decision to apply to the High Court to wind up Drumcondra and District Credit Union was made by the Governor of the Central Bank.

All members' eligible deposits will be compensated by the **Deposit Guarantee Scheme (DGS)**.

Is this action a result of COVID-19?

The reasons that led to the decision to appoint joint provisional liquidators to Drumcondra and District Credit Union, did not arise as a result of, or in response to, the exceptional circumstances currently prevailing with regard to COVID-19. They pre-date COVID-19 by a number of years and arose due to the long standing viability challenges experienced by Drumcondra and District Credit Union which the Credit Union could not address.

Is this the first time that the DGS has been activated?

No. The DGS was activated as part of the liquidation of IBRC in February 2013, Berehaven Credit Union in July 2014, Rush Credit Union in November 2016 and Charleville Credit Union in October 2017.



What were the steps taken in this process?

The Central Bank has engaged closely with Drumcondra and District Credit Union in recent years to attempt to find a solution.

On the basis that no other solution was available, the issue was referred to the Central Bank's Resolution and Crisis Management Division.

The Central Bank and Credit Institutions (Resolution) Act 2011 sets out the resolution actions which may be undertaken. These are:

- Establish a bridge bank;
- Appoint a special manager to the credit union;
- Transfer the assets and liabilities of the credit union; and
- Seek and winding-up of, and appointment a liquidator to, the credit union.

As part of the resolution process the Central Bank explored all options to resolve the significant viability issues within Drumcondra and District Credit Union. The Central Bank has now decided to seek a winding-up of Drumcondra and District Credit Union, resulting in the appointment of the Joint Provisional Liquidators.

This action removes credit union services from members of the credit union. Are there any arrangements in place to provide these services in the local area? Are there alternative financial service providers in the area?

The Central Bank is aware that there is a demand for the services of a credit union in the local area and is committed to seeking to ensure credit union services are available in the community, which may be facilitated by credit unions in the surrounding areas.

The Central Bank is keen that credit union services are available to members of Drumcondra and District. In some cases, members may be able to avail of services in another community credit union arising from either their place of residence or their place of work. In addition, some members may qualify for credit union services through their nature of work i.e. through a credit union with an industry/ profession related common bond. A list of all registered credit unions is contained on the Central Bank website.

There are also a number of alternative financial service providers in the Drumcondra and District Credit Union common bond area.



What will this mean for members of the credit union?

Provisional Liquidators have been appointed to oversee the closure and winding-up of Drumcondra and District Credit Union pending a final decision of the High Court. Subject to that decision, the credit union will not re-open and all issues relating to the winding-up of services will be managed by the provisional liquidators.

Following the appointment of the joint provisional liquidators the Deposit Guarantee Scheme (DGS) has been invoked. Members of Drumcondra and District Credit Union will receive compensation in respect of their eligible deposits up to €100,000 per person. The DGS will make compensation payments as early as possible within the statutory deadline of 15 working days to duly verified depositors.

What will happen to loan applications from members? Will loans be processed?

As the credit union has been placed in provisional liquidation and can no longer conduct business, any loan applications will not progress any further.

What happens to my loan now that Drumcondra and District Credit Union is in liquidation?

You must continue to make repayments in accordance with the terms and conditions of any loan or overdraft agreement. The joint provisional liquidators will contact all members with outstanding loans to make arrangements for repayment. Borrowers have a legal obligation to repay loans and should make arrangements with the joint provisional liquidators to do so.

The liquidation does not imply any change in members' repayment obligations e.g. a faster repayment schedule cannot be imposed. Payments will continue to the term as set out in the existing terms and conditions, including any altered payment arrangements that members have formally agreed with Drumcondra and District Credit Union in recent months in response to COVID 19.

If you have any queries, you can contact the Provisional Liquidators at +353 (0)1 500 8032 or drumcondracreditunion@ie.gt.com.

Who has been appointed as joint provisional liquidators?

Stephen Tennant and Nicholas O'Dwyer of Grant Thornton were appointed as joint provisional liquidators.

What will happen to the credit union premises?

This is a matter for the joint provisional liquidators who have been appointed by the High Court to wind down the credit union.



How will I be able to get updates about what is happening with Drumcondra and District Credit Union?

The Central Bank will provide updates at appropriate intervals on its website at www.centralbank.ie and on www.depositguarantee.ie. The joint provisional liquidators can also provide information.

How will I get my money? When will I get my money?

Full details on this are available on www.depositguarantee.ie. There is no need for members to make a claim for DGS compensation. The Provisional Liquidators will provide details of duly verified eligible members and their account balances to the DGS. The DGS will then make payments by cheque which will be sent to members at the address held by Drumcondra and District Credit Union.

Further information on the Deposit Guarantee Scheme is on

www.depositguarantee.ie