

Registry of Credit Unions
Central Bank of Ireland
PO Box 559
New Wapping Street
North Wall Quay
Dublin 1
Ireland


8 January 2019

Dear Sirs

**Re: Response to Consultation on Potential Changes to the Lending Framework for Credit Unions
(CP125)**

Please find attached our submission in respect of the above consultation paper.

Yours faithfully



Kevin Helferty
Chairperson

Removal of 5 and 10 Year Lending Maturity Limits

1. We note your proposal and have no comments.

Maximum Loan Maturity Limit for Unsecured Loans

2. We note your proposal and have no comments.
3. We agree with the definition of a secured loan, however, we believe that the maximum maturity limit of 25 years will place credit unions at a competitive disadvantage for mortgage lending as other lenders offer longer terms.

Concentration Limits for House and Commercial Loans

4. We note your proposal and have no comments.
5. We note your proposal and have no comments.
6. We have a concern over the concentration limits being expressed as a percentage of total assets. As a credit union located close to the border with Northern Ireland, we are more susceptible to sterling exchange fluctuations. If the value of sterling continues to fall, there is a risk that members could take advantage of this by withdrawing their savings and reinvesting their funds in a financial institution in Northern Ireland. If total assets were to fall (e.g. due to a reduction in member savings), house and commercial loan concentration limits would be breached. We believe that a more stable method of calculating concentration limits would be to express the limits in terms of regulatory reserves.
7. We note your proposal and our only comment is in relation to the point expressed above under question 6.
8. We note your proposal and our only comment is in relation to the point expressed above under question 6.
9. We believe the following are necessary: proven underwriting skills and experience, securitisation of loans, asset liability matching, risk profiling reporting for the Board of Directors and management, regular internal audit reviews.
10. We note your proposal and our only comment is in relation to the point expressed above under question 6.
11. We do not have any comments.

Definition of Commercial Loans

12. This appears reasonable.
13. We note that the proposed prohibition of lending for buy to let commercial properties will prohibit an individual from borrowing from a credit union to purchase trading premises in their own personal name which will be let to their business for trading use. However, the proposed regulations will allow the same trading premises to be purchased within the business for that business for trading use. This is an anomaly which puts credit unions at a commercial disadvantage from other lenders who are not subject to such prohibitions.

Large Exposures

14. This appears reasonable.

Transitional Arrangements

15. We have no comments in relation to this.

Liquidity and ALM Considerations

16. We believe that there should be some requirement for credit unions entering into longer term lending to match these loans with longer term funding. Whilst credit union savings are historically stable, there is a risk that such funds could deplete, resulting in a funding mismatch.