Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Credit Union Investments

September 2021

Contents

Credit Union Investments

1. Executive Summary

The purpose of this report is to set out analysis undertaken to assess the impact of changes introduced in 2018 to the investment regulations on credit union investment portfolios and set out our supervisory expectations for credit unions on investments (set out in Appendix 1).

Section 43 of the Credit Union Act, 1997 (the 1997 Act) sets out provisions relating to credit unions' investment of surplus funds including the requirement that a credit union '*shall manage its investments to ensure that those investments do not (taking account of the nature, scale, complexity and risk profile of the credit union) involve undue risk to members' savings*'.

Section 43 of the 1997 Act requires that a credit union shall mange its investments to ensure that those investments do not involved undue risk to members' savings.

Under section 43(3) of the 1997 Act, the Central Bank may prescribe investments in which a credit union may invest its surplus funds. The Central Bank prescribed permissible classes of investments and associated limits in the investment regulations set out in Part 5 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 (as amended) (2016 Regulations). Three new investment classes (***Supranational bonds, Corporate bonds*** and ***investments in Tier 3 Approved Housing Bodies (AHBs)***) were introduced in March 2018, accompanied by the introduction of specified credit quality, maturity and concentration limits for these investment classes. Further changes were made in 2020 to the 2016 Regulations arising from (1) Brexit and (2) the two-tiered system for remunerating excess liquidity holdings in reserve deposit accounts.

Our analysis of investment data provided by individual credit unions on the Prudential Return and the Questionnaire issued in September 2020 highlighted a number of key themes and trends over the analysis period March 2018 to September 2020 including the following:

- **Total investments have grown by €1bn over the period, from €12bn to €13bn**, reflecting savings inflows and the low sector loan to asset ratio (LTA).
- Credit unions investment portfolios have **remained invested predominantly in accounts in authorised credit institutions**.
- There has been **very little investment, to date, in the additional authorised classes of investments introduced in March 2018**. However, recent developments and work in progress on a number of initiatives should facilitate more investments in these newer investment classes in the future – if credit unions so decide.
- There has been a **notable shift longer in the maturity profile of credit union investments.**
- There has been **some reduction in the level of counterparty concentration,** including a reduction in the level of concentration in

investments in the Irish retail banking system. This was enabled by the range of counterparties available to credit unions.

Overall, careful consideration should be given by credit unions in their decisions on any potential shift in the risk profile of their investment portfolios, including any extension in the maturity profile or the introduction of new counterparties.

Our analysis indicates that, while to date, the 2018 changes to the investment framework have had limited impact on credit union investments, recent developments and work in progress on a number of initiatives should facilitate increased usage of the investment classes introduced in 2018 - if credit unions so decide to avail of capacity to invest in these investment classes. We will continue to monitor the level of investments by investment class across the sector via returns submitted by credit unions.

We remain of the view that the investment classes and limits as prescribed in the 2016 Regulations, including the new investment classes and limits introduced in 2018, continue to provide an appropriate range of investment choices and diversification opportunities for credit unions, taking account of the requirements under section 43 of the 1997 Act and individual credit unions' own investment risk appetites.

2. Introduction

The purpose of this report is to set out analysis undertaken to assess the impact of the changes to investment regulations introduced in 2018 on credit union investment portfolios. The report provides analysis which has been informed by data provided by credit unions in responses to a questionnaire issued in September 2020[1] and quarterly Prudential Return data. The analysis set out in the report highlights themes and trends in credit union investments, including the level of utilisation of the new investment classes introduced in 2018. The report also sets out supervisory expectations for credit unions on investments.

3. Background – Investment Framework for Credit Unions

Section 43 of the 1997 Act sets out provisions relating to credit unions' investment of surplus funds. Section 43(1) of the 1997 Act requires that a credit union '*shall manage its investments to ensure that those investments do not (taking account of the nature, scale, complexity and risk profile of the credit union) involve undue risk to members' savings and, for that purpose, before making an investment a credit union shall assess the potential impact on the credit union, including the impact on the liquidity and financial position of the credit union*.'

Under section 43(3) of the 1997 Act, the Central Bank may prescribe investments in which a credit union may invest its surplus funds. The Central Bank has prescribed permissible classes of investments and associated limits in the investment regulations set out in Part 5 of the 2016 Regulations. The list of permissible classes of investments and associated limits set out in the 2016 Regulations reflect our statutory mandate towards credit unions as it relates to the protection by credit unions of the funds of their members and the requirements under section 43 of the 1997 Act.

Further information on the investment framework is available in the Investments Chapter of the Credit Union Handbook.

Further information on investment requirements for credit unions is available in the Investments Chapter of the Credit Union Handbook.

At a credit union level, investment decisions must reflect appropriate levels of investment risk for credit unions consistent with the requirements under section 43 of the 1997 Act. Credit union investment decisions and investment portfolios should reflect the objects of credit unions[2] and that it is the ***savings of credit union members*** (which can be withdrawn on demand) that are being invested by credit unions. Credit unions' investment risk appetite and the risk profile of investment portfolios should reflect this - the

[1] An investment questionnaire was issued to all credit unions on 22 September 2020 to collect detailed investment data as at 30 September 2020.
[2] The primary objects and purpose of a credit union is the promotion of thrift among its members by the accumulation of their savings and the creation of sources of credit for their mutual benefit at fair and reasonable interest rates.

overriding consideration in making investments must be the protection by credit unions of the funds of their members.

2017 Review

In order to ensure that the investment regulations remained appropriate for the credit union sector, the Central Bank undertook a review of the investment regulations in 2017 to consider whether it was appropriate and prudent to facilitate investment by credit unions in other classes of investments with the primary aim of increasing diversification in credit union investment portfolios.

Three new investment classes (Supranational bonds, Corporate bonds and investments in Tier 3 AHBs) were introduced in March 2018.

Following the 2017 review, which included public and statutory consultation, three new investment classes (***Supranational bonds, Corporate bonds*** and ***investments in Tier 3 Approved Housing Bodies (AHBs)***) were introduced in March 2018, accompanied by the introduction of specified credit quality, maturity and concentration limits for these investment classes. At that time, the Registry of Credit Unions committed to undertaking a review two years post-commencement of the amending investment regulations, to assess the impact which the changes had on credit union investment portfolios.

2020 changes to the Investment Framework

Further changes relating to investments and liquidity were made to the 2016 Regulations in 2020 arising from:

- Expiry of the Brexit transition period during which the UK remained subject to EU rules and remained a member of the single market and customs union; and
- Introduction by the European Central Bank (ECB) in 2019 of a two-tier system for remunerating excess liquidity holdings in the reserve deposit account at the Central Bank.

Changes were made to investment and liquidity requirements in 2020, arising from Brexit and the introduction of a two-tiered system for remunerating excess liquidity holdings in reserve deposit accounts.

The changes were made following engagement with key stakeholders, and included a statutory consultation process in line with section 84A of the 1997 Act. The main changes included the following:

- ***Transitional arrangements for investments, arising from Brexit***, whereby credit unions are permitted to continue to hold existing fixed term investments in UK credit institutions until maturity (and for up to two years for other investments in UK credit institutions) in the event that UK authorised credit institutions are no longer authorised as such under CRD.
- ***Changes to the definition of "relevant liquid assets"*** to formally clarify that balances in the minimum reserve account in excess of the ECB minimum reserve requirement come within the definition of "relevant liquid assets"; and

- A ***small extension, for technical reasons, to the permitted maturity limit*** for Irish and EEA State Securities and supranational bonds to 10 years and 6 months.

4. Overview of Analysis

The level of surplus funds available to credit unions, arising from the savings of members and the low loan to asset ratio, means that investments represent a significant portion of assets in the credit union sector – as at 30 September 2020, investments represent 67 per cent of total assets. Our analysis of investment data, provided by individual credit unions via the quarterly Prudential Return and the questionnaire issued in September 2020 (Questionnaire), highlighted a number of themes and trends including:

- ***Total investments have grown over the period by €1bn, from €12bn to €13bn***, reflecting savings inflows and the low sector LTA.
- Credit unions have ***continued to focus on traditional investment classes*** with the majority of investments continuing to be held in accounts in authorised credit institutions.
- There has been ***very limited investment in the additional investment classes*** introduced in March 2018 to date.
- The ***maturity profile of credit union investments has moved longer*** with investments with a maturity of greater than 5 years increasing from 16 per cent of total credit union investment in March 2018 to 31 per cent by September 2020.
- There has been ***some reduction in the level of counterparty concentration*** in credit union investment portfolios.

Section 4 of this report provides more detailed analysis of the classes of investments that credit unions are investing in, the maturity profile of investments and diversification of investments across counterparties.

The trends identified in this analysis represent some significant changes in the profile of credit union investment portfolios. It is expected that credit unions have a robust decision-making process for investments and that the quality of due diligence that is carried out on investments and counterparties, prior to investments being undertaken, is appropriate and that the asset liability management (ALM) impacts of investment decisions are considered. We set out in **Appendix 1** ***supervisory expectations*** for credit unions, along with references to relevant guidance and resources to support appropriate investment decisions at individual credit union level. ***Additional information on credit union investments*** on a quarterly basis over the analysis period is set out in **Appendix 2**.

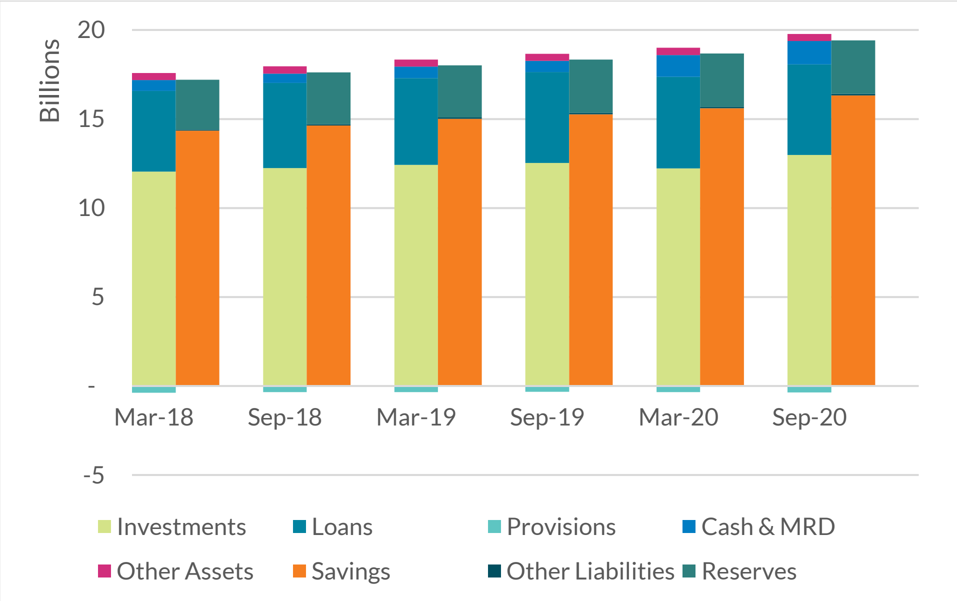
5. Investment Analysis

5.1 Total Investments

As a result of the continued level of surplus funds available to credit unions, arising from the savings of members and the LTA, investments represent a significant portion of assets in the credit union sector - standing at 67 per cent as at 30 September 2020. Investments have grown from €12 billion at 31 March 2018 to €13 billion at 30 September 2020 (Chart 1).

Investments represent a significant portion of assets in the credit union sector. Investments have grown from €12 billion to €13 billion between 31 March 2018 and 30 September 2020.

Chart 1 | Balance Sheet Trends



Source: PR Data submitted to RCU
Note: 'Cash & MRD includes cash & current accounts, deposit protection account and minimum reserve deposit held.

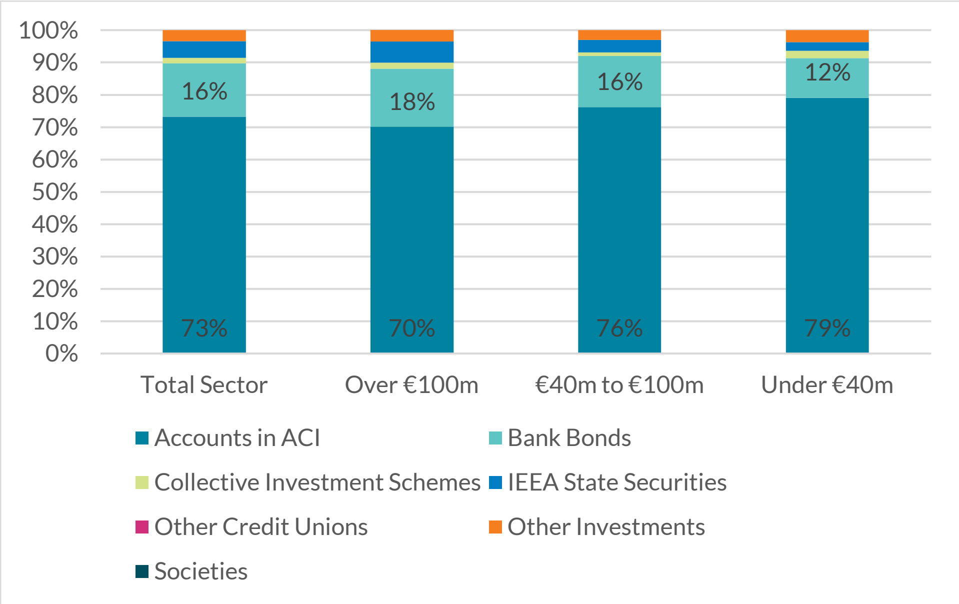
5.2 Classes of Investments

Credit unions' investments are concentrated primarily in accounts in authorised credit institutions. As at 30 September 2020, €9.6 billion of investments were held in accounts in authorised credit institutions – representing 74 per cent of total credit union investments (Chart 2).

Credit unions' investments are concentrated primarily in accounts in authorised credit institutions.

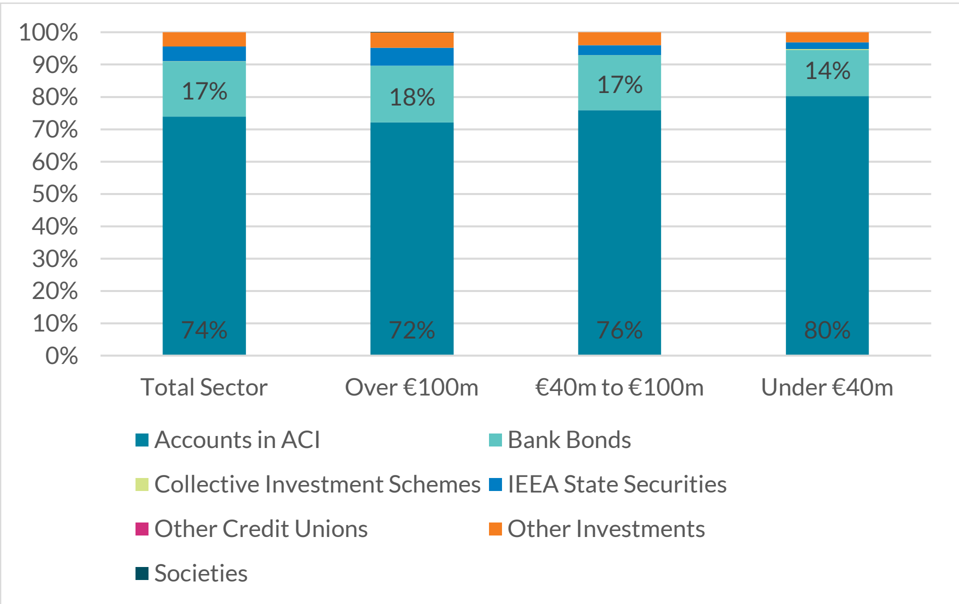
This level of concentration in deposits with authorised credit unions has remained similar to the position at March 2018 when 73 per cent of investments were reported as being held in deposits in authorised credit institutions as at 31 March 2018 (Chart 3).

Chart 2 | Total Investments by Category March 2018



Source: PR Data submitted to RCU

Chart 3 | Total Investments by Category September 2020



Source: PR Data submitted to RCU

Data provided in response to the Questionnaire indicates that the majority of investments held in accounts in authorised credit institutions are in 'traditional deposits' with 87 per cent of accounts in authorised credit institutions reported to be 'basic deposit accounts'.

This concentration is more pronounced in smaller credit unions with credit unions with assets <€40M holding 80 per cent of their investments in accounts in authorised credit institutions, compared with 72 per cent for credit unions with assets of €100 million or more.

Data provided in response to the Questionnaire indicates that the majority of investments held in accounts in authorised credit institutions are held in 'traditional deposits', with 87 per cent of accounts in authorised credit institutions reported to be 'basic deposit accounts' and 13 per cent reported to be 'tracker type deposit products'[3]. Smaller credit unions reported a slightly higher weighting to 'basic deposit accounts' with credit unions in the <€40M asset bucket reporting 90 per cent of accounts in authorised credit institutions as 'basic deposit accounts'.

Bank Bonds

Bank bonds are the second most significant investment category for credit unions, representing 17 per cent of credit union total investments at 30 September 2020. This has increased slightly from 16 per cent as at 31 March 2018. Smaller credit unions hold slightly lower weightings in bank bonds - with credit unions with assets in the <€40M asset bucket reporting 14 per cent of investments in bank bonds.

Bank bonds are the second most significant investment category for credit unions.

Data provided in response to the Questionnaire provided additional information on holdings in subordinated bank bonds indicating that just over 2.5 per cent of investments are held in subordinated bank bonds.

The changes to the 2016 Regulations, introduced in 2018, included a change to the definition of bank bonds that credit unions are permitted to invest in, which are now defined as: *"a senior bond issued by a credit institution and traded on a regulated market where the capital amount invested is guaranteed by the issuer and, for the avoidance of doubt, does not include any bond that is subordinated to any other liability of that credit institution"*.

This definition defines a bank bond as a ***senior bond with certain characteristics***. Accordingly, any bond that is *subordinated* to any other debt liability of that credit institution is ***not a permitted investment*** under the 2016 Regulations. This is informed by the complexity and risk profile of such subordinated investments and the potential implications for credit unions, should the instrument be written down or converted into equity.

Credit unions need to ensure that they understand where any potential bank bond investments are within the hierarchy of liabilities of the issuing credit institution from a resolution perspective, to ensure that the bonds are within the definition set out in the 2016 Regulations.

Investments in Irish and EEA State Securities

Investments in Irish and EEA State Securities represented 5 per cent of investments at 30 September 2020, unchanged from 31 March 2018. Smaller credit unions have the lowest weighting to investments in Irish and EEA State Securities at 2 per cent at 30 September 2020 (down from 3 per cent at 31 March 2018).

New Authorised Classes of Investments

Data provided in response to the Questionnaire provided additional information on investments in the 'new' authorised classes of investments introduced in March 2018.

---

[3] A Tracker Type Deposit Product is an investment where part of the investment is in a deposit based account and the remainder is invested in the stock market, tracking a stock market index or a mix of market indices.

The data provided demonstrated limited investment in these new investment classes with ***no investments reported in Tier 3 Approved Housing Bodies (AHBs)*** and ***very small weightings to Supranational and corporate bonds*** (0.01 per cent and 0.19 per cent respectively). Credit unions in the €40m to €100m asset size, have a higher weighting to corporate bonds - with credit unions in this bucket reporting 0.32 per cent of investments in corporate bonds. However, this may reflect the concentration impact of a single bond holding in a relatively small investment portfolio.

There are a number of possible reasons for the low level of investment to date in each of these new investment classes.

In relation to investments in AHBs it has taken time to establish any regulated investment vehicles to facilitate credit union investments in Tier 3 AHBs. However, we are aware that work on establishing such structures has progressed which will facilitate investments by credit unions in Tier 3 AHBs.

There has been limited investment in the 'new' investment classes introduced in 2018.

In relation to ***supranational bonds***, low returns, reflecting the current low interest rate environment, may have been a factor in the lack of credit union investment in this class of investment to date. This is similar to the trend in investment in Irish and EEA State Securities, where levels of investment have remained relatively low in recent years.

There has also been a low level of investment in ***corporate bonds*** via direct investment in individual bonds. Low levels of investments are likely to be a reflection of current relatively low yields on this type of investment, with only limited additional return available versus more traditional credit union investments.

Additionally, as at 30 September 2020, there was ***no investment in corporate bonds via UCITS***. However, since then we are aware that work has progressed on at least one UCITS fund initiative, which has reached the required minimum size threshold of €150m. This now provides credit unions with a mechanism to invest in corporate bonds via a UCITS structure.

When UCITS were added to the investment framework for credit unions in 2018, a key consideration for the Central Bank was the need to limit credit unions to investments in UCITS that would fall within the Central Bank's risk appetite for credit union investments - which is rooted in the requirement under section 43 of the 1997 Act that investments do not involve undue risk to members' savings. We have sought to limit levels of risk by requiring credit unions to only invest in a UCITS where the underlying investments meet the requirements set out in the 2016 Regulations for credit union investments. This means that for a credit union to be able to make an investment in a UCITS, all underlying investments in a UCITS have to fall within the list of permissible investment classes and meet associated maturity, concentration and credit quality limits. These limits and requirements are aimed at ensuring that the level of risk in credit union investment portfolios is appropriate. We recognise that in practice this limits the UCITS funds that a credit union would be permitted to invest in, but we remain of the view that this is the most appropriate way to avoid credit union funds being invested in investments that would not be appropriate for credit union member funds, taking account of the overriding need to protect these funds.

More generally, the Central Bank is of the view that the investment classes introduced for credit unions in 2018 remain appropriate. While the factors outlined above may have limited investments in these investment classes to date, there is evidence that some opportunities have and continue to emerge for credits unions to diversify their investment portfolios, where they decide to do so, by increasing their exposure to these classes of investments in the future utilising the capacity provided under the investment framework.

Appendix 3 sets out the ***capacity available in investments in Supranational bonds, Corporate bonds and AHBs*** based on September 2020 data and provides a comparison with the capacity available in June 2017 in line with the data which was included in the feedback statement on CP109 – Consultation on Potential Changes to the Investment Framework for Credit Unions. This highlights the level of available capacity not yet utilised.

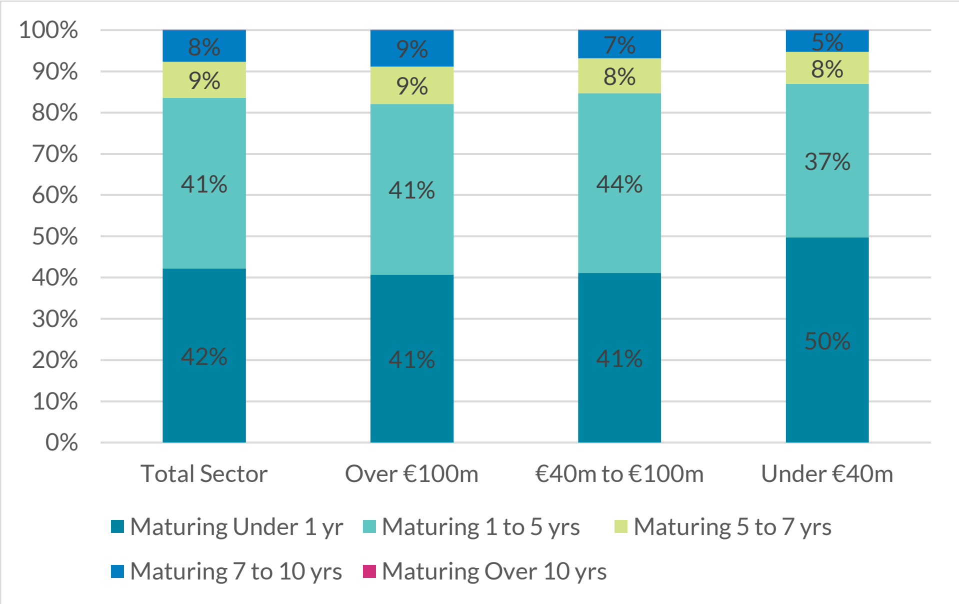
5.3 Maturity Profile of Investments

There has been a significant shift in the maturity profile of investments with investments with a maturity of greater than 5 years increasing from 16 per cent of total credit union investments at 31 March 2018 to 31 per cent at 30 September 2020 (Chart 4 and 5).

There has been a significant shift longer in the maturity profile of investments.

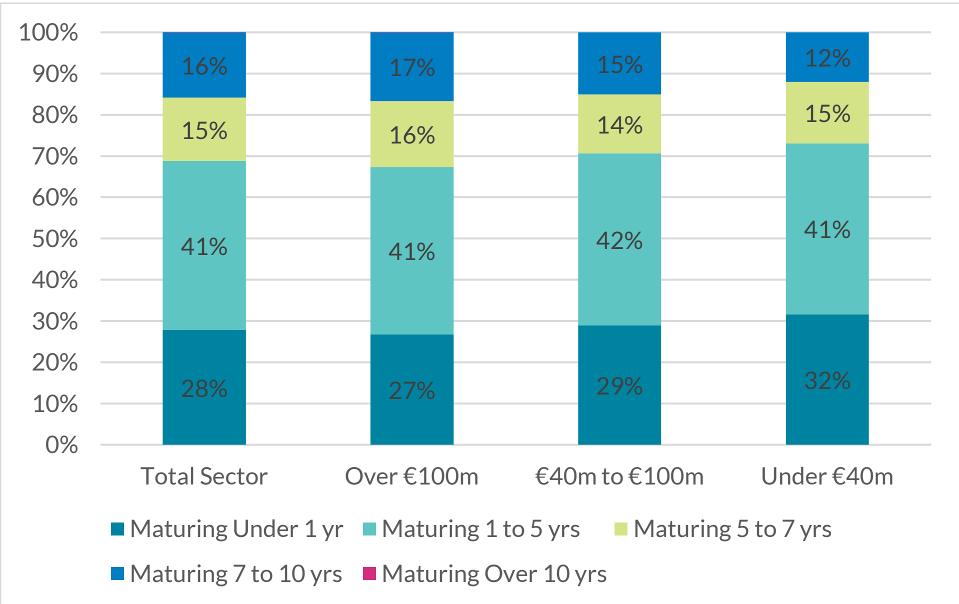
Over the same period the proportion of investments with a maturity of less than 1 year has decreased from 42 per cent of total investments at 31 March 2018 to 28 per cent at 30 September 2020 (Chart 4 and 5). This trend is likely to have been influenced by credit unions seeking to access higher returns by moving into longer-term investments. However, notwithstanding this move to longer–term maturities, credit unions have continued to maintain relatively high levels of liquidity - average sector liquidity was 34 per cent as at September 2020.

Chart 4 | Maturity Profile of Investments March 2018



Source: PR Data submitted to RCU

Chart 5 | Maturity Profile of Investments September 2020



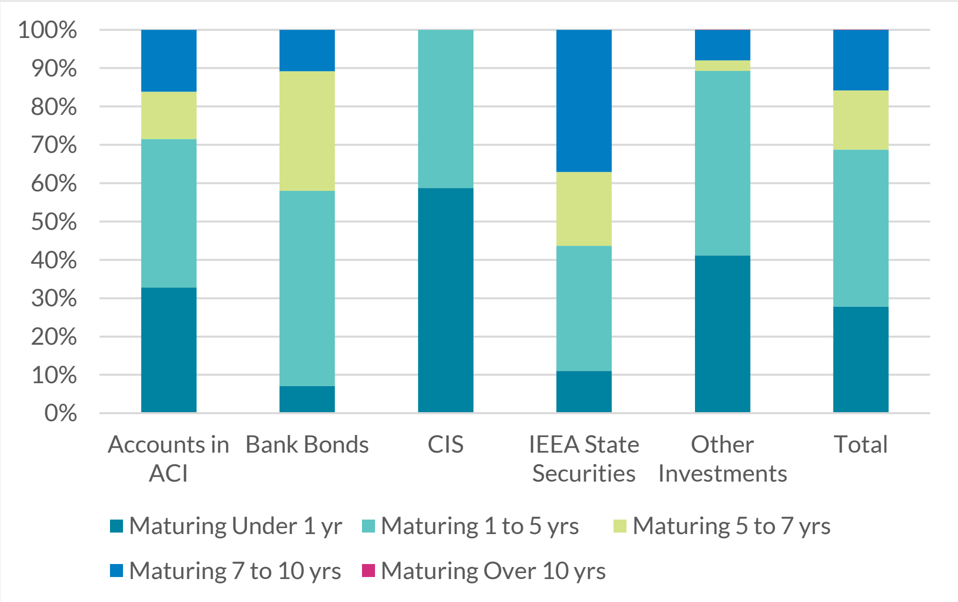
Source: PR Data submitted to RCU

This trend has been more pronounced in smaller credit unions (<€40M asset bucket), with the proportion of investments with a maturity greater than 5 years increasing from 13 per cent to 27 per cent of total investments between March 2018 and September 2020. Investments with a maturity of less than 1 year fell from 50 per cent to 32 per cent for this asset bucket of credit unions over the same period (Chart 4 and 5).

Looking at the maturity profile of specific classes of investments, 33 per cent of accounts in authorised credit institutions are reported, as at 30 September 2020, as having maturities of less than 1 year, with 39 per cent reported as having maturities of between 1 and 5 years and 28 per cent over 5 years.

Investments in Irish and EEA State Securities and bank bonds are more heavily concentrated in longer maturities - with 33 per cent and 51 per cent in maturities between 1 and 5 years and 56 per cent and 42 per cent with maturities over 5 years (Chart 6).

Chart 6 | Maturity Profile by Investment Category 2020



Source: PR Data submitted to RCU

Analysis of data as at March 2018 indicated that 48 per cent of accounts in authorised credit institutions were reported as having maturities of less than 1 year with 37 per cent between 1 and 5 years and 15 per cent over 5 years.

Investments in Irish and EEA State Securities and Bank bonds had 11 per cent and 25 per cent in maturities of less than 1 year respectively as at March 2018 with 45 per cent and 62 per cent in maturities between 1 and 5 years and 44 per cent and 13 per cent with maturities over 5 years.

Credit unions need to ensure that they continue to consider the ALM implications of increasing their exposure to longer term investments which will result in an increase in existing maturity mismatches on balance sheets. More broadly, consideration also needs to be given to the interplay between any potential moves towards more longer-term lending and longer maturity investments, which could also exacerbate the mis-match position. If credit unions decide to move towards a more longer term maturity profile for their assets, they will also need to consider how they can extend their funding maturity profile, taking account of the demographics of their membership.

Credit unions invest in a wide range of counterparties - with over 70 different investment counterparties identified on the Questionnaire.

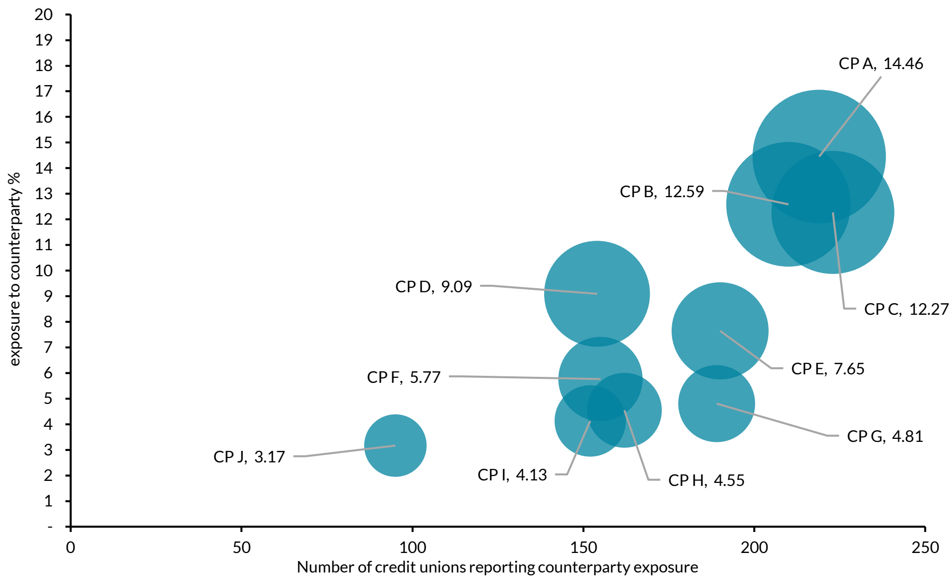
5.4 Counterparties - range and concentration

Credit unions invest in a wide range of counterparties - with over 70 different investment counterparties identified on the Questionnaire.

These include a small number of UK counterparties who no longer have an EU authorisation. While credit unions will not be permitted to make 'new' investments with these UK counterparties, under the Brexit transitional arrangements introduced in December 2020, they can continue to hold existing fixed term investments with these counterparties until maturity. The announcements by Ulster Bank Ireland DAC and KBC Bank Ireland of their intention to withdraw from Ireland will also potentially reduce the number of available investment counterparties for credit unions.

While there are a broad range of counterparty options available, a large proportion of overall credit union investments continue to be held with a relatively small number of counterparties with a reduced but remaining concentration in the Irish retail banking system. As at 30 September 2020, based on data provided in response to the Questionnaire, 56 per cent of credit union investments are held across 5 counterparties and 78 per cent of credit union investments are held across 10 counterparties (Chart 7).

Chart 7 | Investment Counterparties September 2020



Source: Investment Questionnaire data submitted to RCU

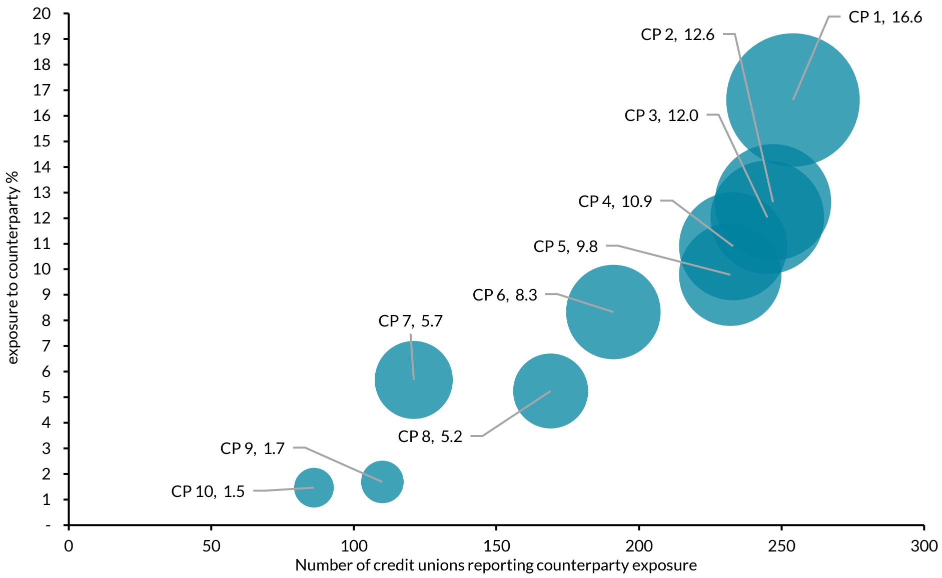
The level of counterparty concentration has fallen since March 2018 when 62 per cent of investments were reported on the Prudential Return as being held across the top 5 counterparties and 84 per cent of investments were reported on the Prudential Return as being held across the top 10 counterparties (Chart 8).

A similar level of counterparty diversification, based on data provided in response to the Questionnaire, is evident across the asset buckets as at 30 September. 57 per cent of investments held by credit unions in the ≥ €100M bucket are held across 5 counterparties while the corresponding figure for credit unions with assets of less than €100m is 55 per cent. The analysis also indicates that credit unions across the asset buckets have exposures to largely the same counterparties.

There have been some changes in the top 5 counterparties that credit unions invest in.

There have been some changes in the top 5 counterparties that credit unions invest in, with 3 different counterparties falling within the top 5 counterparties as at 30 September 2020 compared to 31 March 2018, reflecting credit unions increasing their exposure to counterparties that had previously fallen outside the top 5 counterparties. This change may be driven by credit unions seeking to improve their counterparty diversification, as well as particular counterparties offering higher relative returns.

Chart 8 | Investment Counterparties March 2018



Source: PR Data submitted to RCU

Overall, the range of available counterparties and the trend of reducing counterparty concentration indicates that there is an appropriate range and choice of investment counterparties available to credit unions.

6. Summary and Conclusion

Our analysis of investment data provided by individual credit unions on the Prudential Return and the Questionnaire issued in September 2020 highlights a number of key themes and trends over the analysis period March 2018 to September 2020.

These are as follows:

- **Total investments have grown over the period by €1bn, from €12bn to €13bn**, reflecting savings inflows and the low sector LTA.
- Credit unions investment portfolios have **remained predominantly invested in accounts in authorised credit institutions**.
- There has been **very little investment, to date, in the additional authorised classes of investments introduced in March 2018**. However, we are aware that work is in progress on a number of initiatives which may facilitate more investments in these newer investment classes in the future – if credit unions so decide.
- There has been a **notable shift longer in the maturity profile of credit union investments.**
- There has been **some reduction in the level of counterparty concentration,** including a reduction in the level of concentration in

investments in the Irish retail banking system. This was enabled by the range of counterparties available to credit unions.

Overall, careful consideration should be given by credit unions in their decisions on any potential shift in the risk profile of their investment portfolios, including any extension in the maturity profile or the introduction of new counterparties. In addition, credit unions need to give consideration to the interplay between any potential moves towards more longer-term lending together with longer maturity investments and the related ALM implications and required mitigating actions. **Appendix 1** sets out our supervisory expectations in this regard.

In conclusion our analysis indicates that, while to date, the 2018 changes to the investment framework have had limited impact on credit union investments, recent developments and work in progress on a number of initiatives should facilitate increased usage of the investment classes introduced in 2018 - if credit unions so decide to avail of capacity to invest in these investment classes. We will continue to monitor the level of investments by investment class across the sector via returns submitted by credit unions.

We remain of the view that the investment classes and limits as prescribed in the 2016 Regulations, including the new investment classes and limits introduced in 2018, continue to provide an appropriate range of investment choices and diversification opportunities for credit unions, taking account of the requirements under section 43 of the 1997 Act and individual credit unions' own investment risk appetites.

Appendix 1 - Supervisory Expectations for Credit Unions on Investments

Under section 43 of the 1997 Act credit unions are required to ensure that they manage investments to ensure that they do not involve undue risk to members' savings and that before making an investment they assess the potential impact of the investment on the credit union, including the impact on the liquidity and financial position of the credit union. This requirement must underpin all investment decisions taken by individual credit unions.

Guidance and Resources for Credit Unions

Further information on investment requirements for credit unions is available in the Investments Chapter of the Credit Union Handbook.

Requirements and guidance on the accounting treatment of investments, including guidance on the valuation of investments and investment income recognition, is available in the Accounts and Audit Chapter of the Credit Union Handbook.

In the context of the trends in credit union investments observed in this report, we set out below observations and supervisory expectations in relation to investment risk and the investment decision process, taking account of the overriding statutory and regulatory obligations set out in legislation and regulations.

1. Investment trends and risk appetite

It is notable that some of the trends in credit union investment portfolios since March 2018 may evidence a shift in credit union investment risk appetite, which may be driven by the low interest rate environment.

Credit unions should ensure that detailed analysis and careful consideration is undertaken before making any investment decisions.

- Investment decisions must reflect appropriate levels of investment risk for credit unions consistent with the requirements under section 43 of the 1997 Act, irrespective of current yield levels.
- Credit union investment decisions and investment portfolios should reflect the objects of credit unions[4] and the fact that it is the savings of credit union members (which can be withdrawn on demand) that are being invested by credit unions. Credit unions' investment risk appetite and the risk profile of investment portfolios should reflect this.
- While in the current low interest rate environment an appropriate investment risk profile will limit the potential to generate significant income from credit union investment portfolios, the Registry is of the view that this is appropriate as **the overriding consideration in making investments must be the protection by credit unions of the funds of their members**.
- Investments should be in line with the investment policy and risk appetite of the credit union.

[4] The primary objects and purpose of a credit union is the promotion of thrift among its members by the accumulation of their savings and the creation of sources of credit for their mutual benefit at fair and reasonable interest rates.

2. Credit Union Investment Decisions

Credit unions should ensure that detailed analysis and careful consideration is undertaken before making any investment decisions to ensure associated risks are fully understood and considered.

- Under section 76B of the 1997 Act, credit unions are required to:
    - develop, implement, document and maintain a risk management system with such governance arrangements and systems and controls to allow them identify, assess, measure, monitor, report and manage the risks which they are, or might reasonably be, exposed to[5]; and
    - implement systems and controls to manage and mitigate the risks identified by the risk management system[6].

  We expect investment decisions in credit unions to be supported by their risk management framework with input from the risk management officer as appropriate.
- The rationale for investment decisions should be understood by the board and appropriately documented.
- Careful consideration should be given to any potential shift in the risk profile of a credit union's investment portfolio including an extension in the maturity profile or the introduction of new counterparties.
- Changes to the maturity profile of the investment portfolio should be considered in the context of broader asset and liability management including liquidity considerations.
- Where a credit union is introducing a new counterparty into the investment portfolio they should undertake appropriate due diligence to ensure that they have clarity on which counterparty they would be exposed to, that the counterparty complies with the investment regulations and that they fully understand the risk profile of any new counterparty so they can ensure that this aligns to the investment risk appetite of the credit union.

[5] Credit Union Act, 1997 – section 76B (2).
[6] Credit Union Act, 1997 – section 76B (4).

Appendix 2 - March 2018 to September 2020 Credit Union Sector Investment Data Tables

Mar-18

Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.284 m	€0.004 m	€0.006 m	€0.167 m	€0.000 m	€0.000 m	€0.001 m	€1.462 m
1-7 days	€0.166 m	€0.002 m	€0.004 m	€0.032 m	€0.000 m	€0.000 m	€0.002 m	€0.207 m
>7 days and < 1 month	€0.472 m	€0.001 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.473 m
≥1 and < 3 months	€1.370 m	€0.017 m	€0.282 m	€0.000 m	€0.000 m	€0.000 m	€0.005 m	€1.674 m
≥3 months and < 1 year	€0.938 m	€0.048 m	€0.207 m	€0.002 m	€0.000 m	€0.000 m	€0.067 m	€1.262 m
≥1 year and < 5 years	€3.235 m	€0.280 m	€1.230 m	€0.002 m	€0.000 m	€0.000 m	€0.234 m	€4.982 m
≥5 years and < 7 years	€0.683 m	€0.123 m	€0.189 m	€0.001 m	€0.000 m	€0.000 m	€0.056 m	€1.050 m
≥7 years and ≤ 10 years	€0.668 m	€0.149 m	€0.068 m	€0.000 m	€0.000 m	€0.000 m	€0.040 m	€0.925 m
>10 years	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.003 m	€0.003 m
Grand Total	€8.816 m	€0.624 m	€1.986 m	€0.204 m	€0.000 m	€0.000 m	€0.408 m	€12.038 m

Jun-18

Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.205 m	€0.004 m	€0.005 m	€0.108 m	€0.000 m	€0.000 m	€0.001 m	€1.323 m
1-7 days	€0.154 m	€0.025 m	€0.011 m	€0.042 m	€0.000 m	€0.000 m	€0.006 m	€0.239 m
>7 days and < 1 month	€0.456 m	€0.000 m	€0.004 m	€0.000 m	€0.000 m	€0.000 m	€0.006 m	€0.467 m
≥1 and < 3 months	€1.322 m	€0.009 m	€0.039 m	€0.000 m	€0.000 m	€0.000 m	€0.019 m	€1.389 m
≥3 months and < 1 year	€0.932 m	€0.105 m	€0.363 m	€0.002 m	€0.000 m	€0.000 m	€0.057 m	€1.460 m
≥1 year and < 5 years	€3.275 m	€0.239 m	€0.953 m	€0.002 m	€0.000 m	€0.000 m	€0.332 m	€4.800 m
≥5 years and < 7 years	€0.867 m	€0.098 m	€0.217 m	€0.000 m	€0.000 m	€0.000 m	€0.093 m	€1.276 m
≥7 years and ≤ 10 years	€0.895 m	€0.204 m	€0.104 m	€0.000 m	€0.000 m	€0.000 m	€0.036 m	€1.240 m
>10 years	€0.002 m	€0.000 m	€0.003 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.005 m
Grand Total	€9.109 m	€0.685 m	€1.700 m	€0.154 m	€0.000 m	€0.000 m	€0.551 m	€12.198 m

Sep-18

Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.084 m	€0.004 m	€0.002 m	€0.097 m	€0.000 m	€0.000 m	€0.003 m	€1.190 m
1-7 days	€0.118 m	€0.018 m	€0.004 m	€0.032 m	€0.000 m	€0.000 m	€0.001 m	€0.174 m
>7 days and < 1 month	€0.404 m	€0.052 m	€0.022 m	€0.000 m	€0.000 m	€0.000 m	€0.002 m	€0.480 m
≥1 and < 3 months	€1.236 m	€0.011 m	€0.018 m	€0.000 m	€0.000 m	€0.000 m	€0.010 m	€1.275 m
≥3 months and < 1 year	€0.940 m	€0.065 m	€0.351 m	€0.000 m	€0.000 m	€0.000 m	€0.092 m	€1.449 m
≥1 year and < 5 years	€3.307 m	€0.229 m	€0.954 m	€0.000 m	€0.000 m	€0.000 m	€0.313 m	€4.802 m
≥5 years and < 7 years	€1.029 m	€0.094 m	€0.209 m	€0.000 m	€0.000 m	€0.000 m	€0.097 m	€1.429 m
≥7 years and ≤ 10 years	€1.041 m	€0.227 m	€0.137 m	€0.000 m	€0.000 m	€0.000 m	€0.036 m	€1.441 m
>10 years	€0.001 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.001 m
Grand Total	€9.159 m	€0.701 m	€1.698 m	€0.130 m	€0.000 m	€0.000 m	€0.554 m	€12.241 m

Dec-18

Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.001 m	€0.005 m	€0.005 m	€0.111 m	€0.000 m	€0.000 m	€0.001 m	€1.122 m
1-7 days	€0.107 m	€0.025 m	€0.011 m	€0.010 m	€0.000 m	€0.000 m	€0.002 m	€0.155 m
>7 days and < 1 month	€0.434 m	€0.005 m	€0.150 m	€0.000 m	€0.000 m	€0.000 m	€0.001 m	€0.590 m
≥1 and < 3 months	€1.246 m	€0.000 m	€0.048 m	€0.000 m	€0.000 m	€0.000 m	€0.054 m	€1.348 m
≥3 months and < 1 year	€1.039 m	€0.075 m	€0.198 m	€0.000 m	€0.000 m	€0.000 m	€0.051 m	€1.364 m
≥1 year and < 5 years	€3.186 m	€0.204 m	€0.918 m	€0.000 m	€0.000 m	€0.000 m	€0.339 m	€4.648 m
≥5 years and < 7 years	€1.089 m	€0.114 m	€0.271 m	€0.000 m	€0.000 m	€0.000 m	€0.090 m	€1.564 m
≥7 years and ≤ 10 years	€1.031 m	€0.254 m	€0.139 m	€0.000 m	€0.000 m	€0.000 m	€0.032 m	€1.456 m
>10 years	€0.003 m	€0.000 m	€0.003 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.006 m
Grand Total	€9.137 m	€0.682 m	€1.743 m	€0.121 m	€0.000 m	€0.000 m	€0.570 m	€12.253 m

Mar-19								
Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.032 m	€0.002 m	€0.005 m	€0.103 m	€0.000 m	€0.000 m	€0.001 m	€1.143 m
1-7 days	€0.138 m	€0.013 m	€0.010 m	€0.003 m	€0.000 m	€0.000 m	€0.002 m	€0.166 m
>7 days and < 1 month	€0.346 m	€0.004 m	€0.205 m	€0.000 m	€0.000 m	€0.000 m	€0.001 m	€0.556 m
≥1 and < 3 months	€1.403 m	€0.043 m	€0.025 m	€0.000 m	€0.000 m	€0.000 m	€0.008 m	€1.480 m
≥3 months and < 1 year	€1.204 m	€0.037 m	€0.337 m	€0.001 m	€0.000 m	€0.000 m	€0.051 m	€1.630 m
≥1 year and < 5 years	€2.878 m	€0.290 m	€0.639 m	€0.000 m	€0.000 m	€0.000 m	€0.364 m	€4.171 m
≥5 years and < 7 years	€1.151 m	€0.015 m	€0.314 m	€0.000 m	€0.000 m	€0.000 m	€0.097 m	€1.577 m
≥7 years and ≤ 10 years	€1.282 m	€0.254 m	€0.110 m	€0.000 m	€0.000 m	€0.000 m	€0.046 m	€1.693 m
>10 years	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m
Grand Total	€9.434 m	€0.660 m	€1.645 m	€0.107 m	€0.000 m	€0.000 m	€0.571 m	€12.416 m

Jun-19								
Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.188 m	€0.002 m	€0.005 m	€0.113 m	€0.000 m	€0.000 m	€0.000 m	€1.308 m
1-7 days	€0.129 m	€0.010 m	€0.014 m	€0.004 m	€0.000 m	€0.000 m	€0.008 m	€0.164 m
>7 days and < 1 month	€0.482 m	€0.008 m	€0.019 m	€0.000 m	€0.000 m	€0.000 m	€0.005 m	€0.514 m
≥1 and < 3 months	€1.103 m	€0.004 m	€0.023 m	€0.001 m	€0.000 m	€0.000 m	€0.024 m	€1.156 m
≥3 months and < 1 year	€1.316 m	€0.076 m	€0.432 m	€0.001 m	€0.000 m	€0.000 m	€0.036 m	€1.862 m
≥1 year and < 5 years	€2.885 m	€0.240 m	€0.646 m	€0.000 m	€0.000 m	€0.000 m	€0.398 m	€4.169 m
≥5 years and < 7 years	€1.175 m	€0.085 m	€0.267 m	€0.000 m	€0.000 m	€0.000 m	€0.108 m	€1.635 m
≥7 years and ≤ 10 years	€1.354 m	€0.193 m	€0.099 m	€0.000 m	€0.000 m	€0.000 m	€0.049 m	€1.695 m
>10 years	€0.002 m	€0.001 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.004 m
Grand Total	€9.634 m	€0.620 m	€1.504 m	€0.119 m	€0.000 m	€0.000 m	€0.629 m	€12.507 m

Sep-19								
Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.088 m	€0.005 m	€0.005 m	€0.082 m	€0.000 m	€0.000 m	€0.003 m	€1.183 m
1-7 days	€0.119 m	€0.006 m	€0.004 m	€0.005 m	€0.000 m	€0.000 m	€0.000 m	€0.134 m
>7 days and < 1 month	€0.538 m	€0.023 m	€0.006 m	€0.000 m	€0.000 m	€0.000 m	€0.001 m	€0.569 m
≥1 and < 3 months	€1.244 m	€0.006 m	€0.036 m	€0.000 m	€0.000 m	€0.000 m	€0.015 m	€1.301 m
≥3 months and < 1 year	€1.184 m	€0.061 m	€0.457 m	€0.000 m	€0.000 m	€0.000 m	€0.039 m	€1.741 m
≥1 year and < 5 years	€2.911 m	€0.234 m	€0.641 m	€0.000 m	€0.000 m	€0.000 m	€0.411 m	€4.197 m
≥5 years and < 7 years	€1.296 m	€0.090 m	€0.292 m	€0.000 m	€0.000 m	€0.000 m	€0.105 m	€1.784 m
≥7 years and ≤ 10 years	€1.285 m	€0.197 m	€0.092 m	€0.000 m	€0.000 m	€0.000 m	€0.045 m	€1.620 m
>10 years	€0.000 m	€0.001 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.001 m
Grand Total	€9.667 m	€0.623 m	€1.534 m	€0.087 m	€0.000 m	€0.000 m	€0.619 m	€12.530 m

Dec-19								
Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.142 m	€0.004 m	€0.009 m	€0.184 m	€0.000 m	€0.000 m	€0.001 m	€1.339 m
1-7 days	€0.132 m	€0.007 m	€0.008 m	€0.007 m	€0.000 m	€0.000 m	€0.001 m	€0.155 m
>7 days and < 1 month	€0.258 m	€0.003 m	€0.007 m	€0.001 m	€0.000 m	€0.000 m	€0.000 m	€0.268 m
≥1 and < 3 months	€1.297 m	€0.009 m	€0.324 m	€0.000 m	€0.000 m	€0.000 m	€0.008 m	€1.639 m
≥3 months and < 1 year	€0.885 m	€0.089 m	€0.161 m	€0.001 m	€0.000 m	€0.000 m	€0.048 m	€1.184 m
≥1 year and < 5 years	€2.777 m	€0.204 m	€0.646 m	€0.000 m	€0.000 m	€0.000 m	€0.397 m	€4.023 m
≥5 years and < 7 years	€1.288 m	€0.104 m	€0.403 m	€0.000 m	€0.000 m	€0.000 m	€0.105 m	€1.899 m
≥7 years and ≤ 10 years	€1.506 m	€0.199 m	€0.114 m	€0.000 m	€0.000 m	€0.000 m	€0.046 m	€1.866 m
>10 years	€0.001 m	€0.001 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.002 m
Grand Total	€9.284 m	€0.620 m	€1.672 m	€0.193 m	€0.000 m	€0.000 m	€0.607 m	€12.375 m

Mar-20								
Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.472 m	€0.005 m	€0.009 m	€0.014 m	€0.000 m	€0.000 m	€0.000 m	€1.500 m
1-7 days	€0.159 m	€0.003 m	€0.006 m	€0.000 m	€0.000 m	€0.000 m	€0.001 m	€0.169 m
>7 days and < 1 month	€0.244 m	€0.063 m	€0.096 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.403 m
≥1 and < 3 months	€1.008 m	€0.005 m	€0.047 m	€0.000 m	€0.000 m	€0.000 m	€0.009 m	€1.069 m
≥3 months and < 1 year	€0.776 m	€0.038 m	€0.042 m	€0.000 m	€0.000 m	€0.000 m	€0.050 m	€0.906 m
≥1 year and < 5 years	€2.791 m	€0.206 m	€0.873 m	€0.000 m	€0.000 m	€0.000 m	€0.485 m	€4.356 m
≥5 years and < 7 years	€1.328 m	€0.095 m	€0.479 m	€0.000 m	€0.000 m	€0.000 m	€0.012 m	€1.914 m
≥7 years and ≤ 10 years	€1.513 m	€0.180 m	€0.166 m	€0.000 m	€0.000 m	€0.000 m	€0.045 m	€1.905 m
>10 years	€0.000 m	€0.000 m	€0.001 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.001 m
Grand Total	€9.292 m	€0.597 m	€1.718 m	€0.014 m	€0.000 m	€0.000 m	€0.602 m	€12.223 m

Jun-20								
Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.405 m	€0.005 m	€0.007 m	€0.005 m	€0.000 m	€0.000 m	€0.001 m	€1.423 m
1-7 days	€0.177 m	€0.002 m	€0.007 m	€0.000 m	€0.000 m	€0.000 m	€0.007 m	€0.193 m
>7 days and < 1 month	€0.202 m	€0.007 m	€0.013 m	€0.000 m	€0.000 m	€0.000 m	€0.004 m	€0.226 m
≥1 and < 3 months	€0.937 m	€0.004 m	€0.043 m	€0.000 m	€0.000 m	€0.000 m	€0.012 m	€0.996 m
≥3 months and < 1 year	€0.747 m	€0.040 m	€0.051 m	€0.000 m	€0.000 m	€0.000 m	€0.050 m	€0.888 m
≥1 year and < 5 years	€3.487 m	€0.197 m	€1.049 m	€0.002 m	€0.000 m	€0.000 m	€0.455 m	€5.189 m
≥5 years and < 7 years	€1.203 m	€0.101 m	€0.667 m	€0.000 m	€0.000 m	€0.000 m	€0.009 m	€1.981 m
≥7 years and ≤ 10 years	€1.551 m	€0.205 m	€0.159 m	€0.000 m	€0.000 m	€0.000 m	€0.046 m	€1.960 m
>10 years	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m
Grand Total	€9.709 m	€0.562 m	€1.996 m	€0.006 m	€0.000 m	€0.000 m	€0.584 m	€12.857 m

Sep-20								
Time Period	Accounts In Authorised Credit Institutions	Irish And EEA State Securities	Bank Bonds	Collective Investment Schemes	Investments In Other Credit Unions	Investments In Societies	Other Investments	Total Investments
On Demand	€1.227 m	€0.006 m	€0.008 m	€0.002 m	€0.000 m	€0.000 m	€0.006 m	€1.249 m
1-7 days	€0.148 m	€0.008 m	€0.008 m	€0.000 m	€0.000 m	€0.000 m	€0.002 m	€0.165 m
>7 days and < 1 month	€0.162 m	€0.038 m	€0.008 m	€0.000 m	€0.000 m	€0.000 m	€0.001 m	€0.209 m
≥1 and < 3 months	€0.994 m	€0.012 m	€0.052 m	€0.000 m	€0.000 m	€0.000 m	€0.020 m	€1.079 m
≥3 months and < 1 year	€0.611 m	€0.002 m	€0.081 m	€0.000 m	€0.000 m	€0.000 m	€0.209 m	€0.904 m
≥1 year and < 5 years	€3.717 m	€0.192 m	€1.126 m	€0.002 m	€0.000 m	€0.000 m	€0.278 m	€5.316 m
≥5 years and < 7 years	€1.181 m	€0.114 m	€0.691 m	€0.000 m	€0.000 m	€0.000 m	€0.016 m	€2.002 m
≥7 years and ≤ 10 years	€1.548 m	€0.218 m	€0.238 m	€0.000 m	€0.000 m	€0.000 m	€0.046 m	€2.051 m
>10 years	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m	€0.000 m
Grand Total	€9.589 m	€0.590 m	€2.214 m	€0.004 m	€0.000 m	€0.000 m	€0.578 m	€12.974 m

Appendix 3 - Available capacity for investments in supranational bonds, corporate bonds and AHBs

The tables on this page set out the capacity that was available in June 2017 (as set out in data which was included in the feedback statement on CP109). The tables on the next page update total capacity data for these investment classes as at September 2020[7]. The data in these tables is calculated by applying the:

- relevant concentration limit to the total investments or regulatory reserve of each individual credit union and aggregating for all credit unions.
- concentration limit to the total investments or regulatory reserve of each individual credit union and identifying the credit union with the largest maximum permitted investment.
- concentration limit to the total investments or regulatory reserves of each individual credit union and identifying the credit union with the smallest maximum permitted investment.

Corporate Bonds Capacity June 2017			
	Investment €	Investment as a % of Total Assets	Investment as a % of Total Investments
Total exposure to Corporate Bonds	€906m	5.4%	8.3%
Largest Maximum permitted investment	€22.2m	6.8%	10.2%
Smallest maximum permitted investment	€0.06m	6.3%	10.9%
Average maximum permitted investment (all credit unions where Total Assets ≥ €100m)	€9.4m	5.5%	7.8%
Average maximum permitted investment (all credit unions where Total Assets < €100m)	€1.9m	5.4%	8.5%

Supranational and Irish EEA states Capacity June 2017			
	Investment €	Investment as a % of Total Assets	Investment as a % of Total Investments
Total exposure to Irish and EEA state securities and Supranational Bonds	€8.2bn	48.1%	70.0%
Largest Maximum permitted investment	€199.2m	55.2%	70.0%
Smallest maximum permitted investment	€0.11m	4.9%	70.0%
Average maximum permitted investment (all credit unions where Total Assets ≥ €100m)	€85.9m	49.9%	70.0%
Average maximum permitted investment (all credit unions where Total Assets < €100m)	€16.8m	47.7%	70.0%

AHBs Capacity June 2017			
	Total Assets ≥ €100 million	Total Assets < €100 million	Total All Credit Unions
Number of Credit Unions	52	223	275
Total Exposure to Tier 3 AHBs	€ 490 m	€208 m	€ 698 m
Tier 3 AHB Investment represented as a % of Total Assets (average)	5.5%	2.7%	3.2%
Tier 3 AHB Investment represented as a % of Total Investments (average)	7.7%	3.9%	4.9%
Largest maximum permitted Tier 3 AHB investment	€ 22.2 m	€ 2.7 m	
- As a % Total Assets	6.8%	2.9%	
- As a % Total Investments	10.2%	4.3%	
Smallest maximum permitted Tier 3 AHB investment	€ 5.22 m	€ 0.03 m	
- As a % Total Assets	5.0%	3.2%	
- As a % Total Investments	7.9%	5.5%	

[7] This data does not reflect supranational bond and corporate bond capacity which has been utilised – based on data from the 2020 Questionnaire, investment in supranational bonds and corporate bonds totalled €1 million and €25.3 million respectively as at 30 September 2020.

Corporate Bonds Capacity September 2020			
	Investment €	Investment as a % of Total Assets	Investment as a % of Total Investments
Total exposure to Corporate Bonds	€1.048bn	5.4%	8.5%
Largest Maximum permitted investment	€24.5m	6.2%	10.0%
Smallest maximum permitted investment	€0.04m	5.3%	7.4%
Average maximum permitted investment (all credit unions where Total Assets ≥ €100m)	€10.8m	5.4%	8.1%
Average maximum permitted investment (all credit unions where Total Assets < €100m)	€2.3m	5.4%	8.7%

Supranational and Irish EEA states Capacity September 2020			
	Investment €	Investment as a % of Total Assets	Investment as a % of Total Investments
Total exposure to Irish and EEA state securities and Supranational Bonds	€9.1bn	46.1%	70.0%
Largest Maximum permitted investment	€242.5m	53.0%	70.0%
Smallest maximum permitted investment	€0.37m	50.9%	70.0%
Average maximum permitted investment (all credit unions where Total Assets ≥ €100m)	€94.4m	47.4%	70.0%
Average maximum permitted investment (all credit unions where Total Assets < €100m)	€19.5m	45.7%	70.0%

AHBs Capacity September 2020			
	Total Assets ≥ €100 million	Total Assets < €100 million	Total All Credit Unions
Number of Credit Unions	62	166	228
Total Exposure to Tier 3 AHBs	€ 669 m	€190 m	€ 858 m
Tier 3 AHB Investment represented as a % of Total Assets (average)	5.4%	2.7%	3.4%
Tier 3 AHB Investment represented as a % of Total Investments (average)	8.1%	4.3%	5.4%
Largest maximum permitted Tier 3 AHB investment	€ 24.5 m	€ 2.7 m	
- As a % Total Assets	6.2%	2.9%	
- As a % Total Investments	10.0%	4.1%	
Smallest maximum permitted Tier 3 AHB investment	€ 5.05 m	€.02 m	
- As a % Total Assets	5.0%	2.7%	
- As a % Total Investments	7.9%	3.7%	

Notes

Source of Data:

The data contained and presented in this publication is derived from Prudential Return data from 31 March 2018 to 30 September 2020 and data provided in responses to the Questionnaire issued in September 2020.

Of the credit unions registered and trading as at 30 September 2020, 228 (99.5 per cent) submitted valid data in response to the Questionnaire in September.

Unless otherwise stated, "≥ €100M" relates to those credit unions with total assets of €100 million or more, "€40M - €100M" relates to credit unions with total assets between €40 million and €100 million and "<€40M" relates to credit unions with total assets of under €40 million.

T: +353 (0)1 224 6000
E: rcu@centralbank.ie
www.centralbank.ie

Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem