

WE LOOK AT THINGS DIFFERENTLY

Irish League of Credit Unions
Overview of Credit Union Figures
Ahead of End Year 2013



Credit Union

ILCU Credit Unions

- There are 479 credit unions affiliated to the Irish League, 380 in the Republic of Ireland and 99 in Northern Ireland
- Total assets of Irish League credit unions were €13.8 billion in Sept 2013, split between €12.5 billion in the Republic and £1.14 billion in Northern Ireland

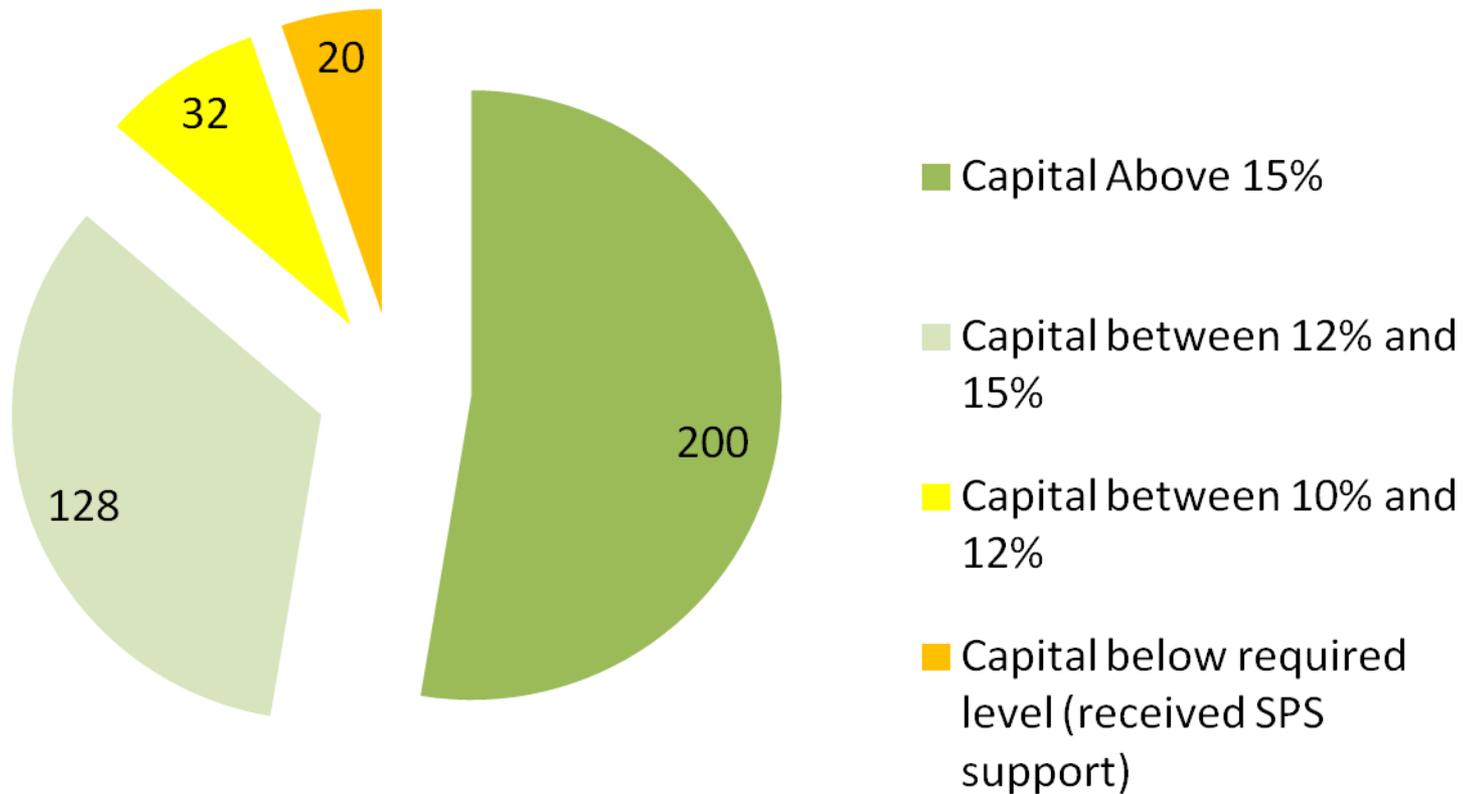
ILCU Credit Unions Statistics ROI

| | Sept 2012 | Sept 2013 |
|-----------|--------------------------------|--------------------------------|
| Savings | €10.4 billion | €10.5 billion (+1.1%) |
| Assets | €12.2 billion | €12.5 billion (+1.9%) |
| Loans | €4.4 billion | €3.9 billion (-10.5%) |
| Members | 2.83 million | 2.86 million (+0.9%) |
| Capital | €1.78 billion (Ratio 14.6%) | €1.91 billion (Ratio 15.3%) |
| Liquidity | €3.5 billion (Ratio 40.6%) | €3.7 billion (Ratio 41.8%) |

ILCU Credit Unions Statistics ROI

- ROI savings have increased by 1.1% for the full year to Sept 2013 after several years of decline. This clearly shows renewed confidence of members and loyalty to the local credit union.
- Loans are down 10.5% year on year, this is the main challenge facing credit unions.
- Capital of €1.91 billion or 15.3% of assets. Overall CUs have €664 million in surplus capital above the 10% requirement.
- 200 ILCU credit unions have capital > 15%

Capital profile of 380 ROI CUs



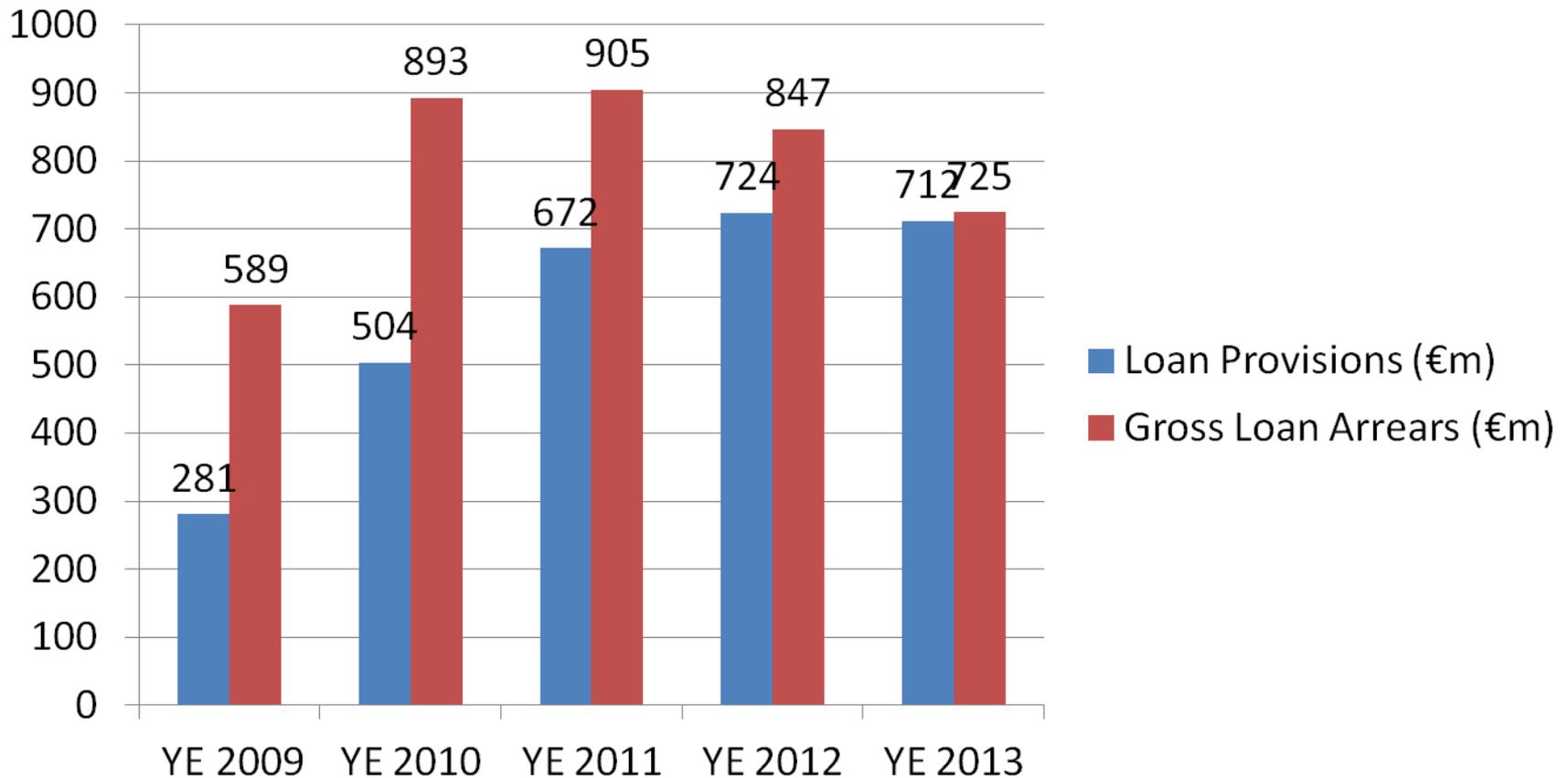
ILCU Credit Unions Statistics ROI

| | Sept 2012 | Sept 2013 |
|--|----------------------------------|----------------------------------|
| Numbers of credit unions | 387 | 380 |
| Loan Arrears - Gross | €847 million (19.3%) | €725 million (18.5%) |
| Loan Arrears – Net | €675 million (15.4%) | €564 million (14.4%) |
| % Savings attached to loans in arrears | 20% | 22% |
| Write offs | €135 million (3.1% of loans) | €125 million (3.2% of loans) |
| Loan provisions | €724 million (16.5% of loans) | €712 million (18.2% of loans) |

ILCU Credit Unions Statistics ROI

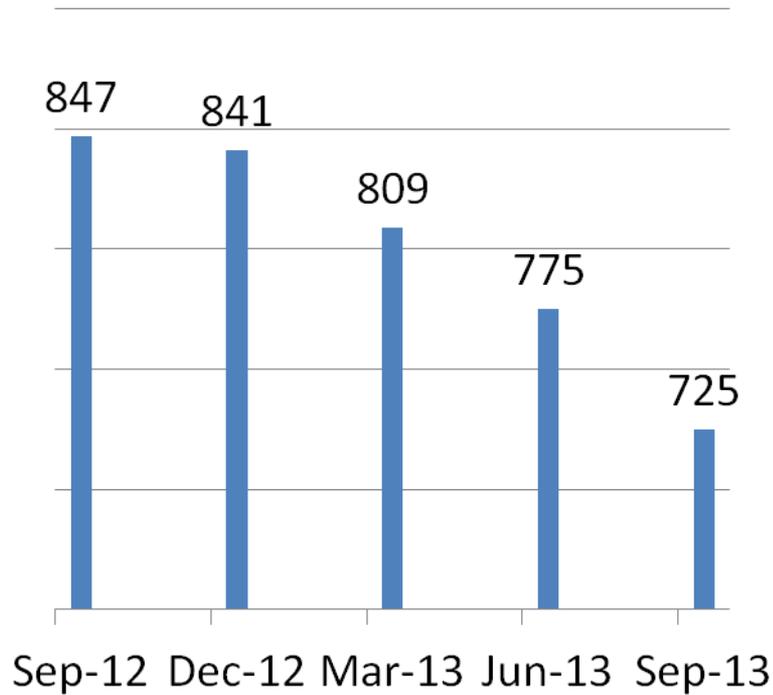
- Gross loan arrears are now €725 million, down €49m this quarter, and down €122m year on year.
- Arrears are down on peak levels seen in 2011, both in value of loans in arrears and number of members in arrears
- Write offs slightly down on 2012 levels
- Provisions of over €712m are in addition to capital
- Provisions exceed net loan arrears by €148 million (€725m provisions V €564m net arrears)

CU loan provisions and loan arrears

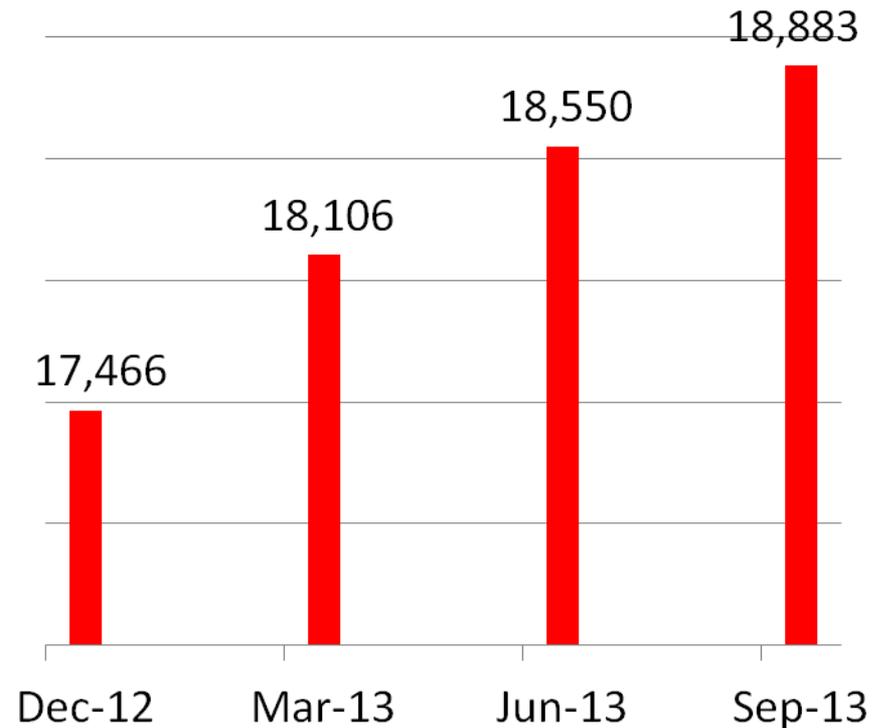


CU arrears vs Bank mortgage arrears

CU Gross Arrears
(€ millions)



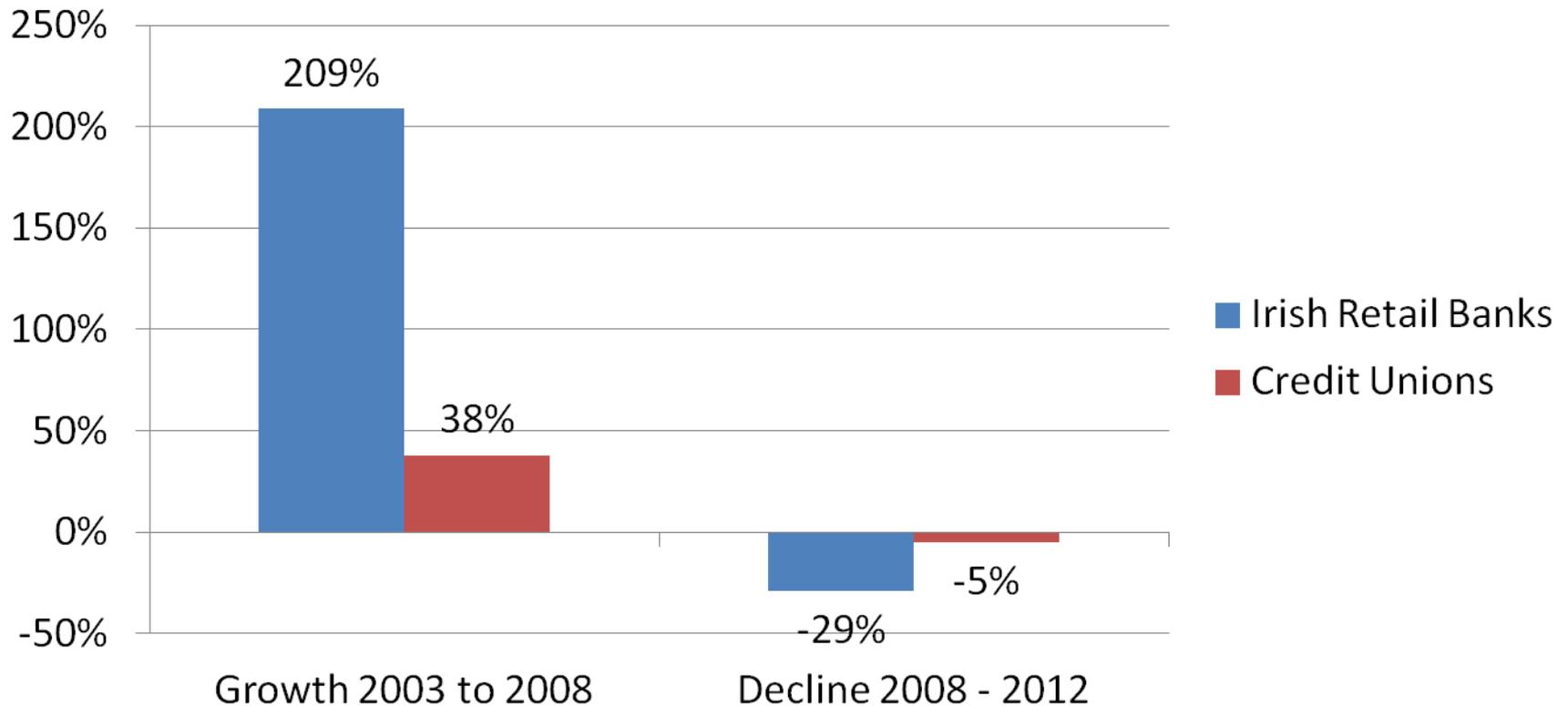
Mortgages in arrears
(€million)



ILCU Credit Unions Statistics ROI

- It is clear that CU loan arrears peaked in 2011 and are now falling.
- Credit unions are well capitalised, and have over €660 million in surplus capital.
- Credit unions are making prudent loan provisions.
- It is clear that the mortgage arrears trend is not being tackled, the only conclusion to be reached is that Irish banks do not have sufficient capital to absorb the losses.

Growth & Decline in assets - Irish Banks and Credit unions – Boom years and beyond



Growth & Decline in assets *(CBI data)*

- Irish Banks tripled in size (€201 billion to €621 billion) between the boom years of 2003 and 2008, borrowing heavily to fund this growth.
- Credit unions grew at more modest rates, growing by 38% over the same period (peaking at €13bn), totally self financed throughout.
- Irish Banks needed €64 billion in taxpayers funds when this credit bubble burst.
- It is clear that the Irish Banks leveraged up in an uncontrolled manner and taxpayers paid the price.

Summary

- Credit unions are well capitalised, total capital of €1.91bn and over €660m in surplus capital among ILCU credit unions.
- Arrears are falling, personal insolvency will have an effect, but provisions already made will cover this.
- Credit unions have €712m in provisions set against €725m in gross arrears (net arrears €564m).
- Lending is falling, that is the main challenge, but when recovery gathers pace and confidence returns CUs are in a good place to grow and lend to members