



Benchmarking Survey

9th May 2018

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We're by your side



Benchmarking 2018- Survey Context

- > 8th Annual Benchmarking survey
- > Responses from over 45 Credit Unions
- > Sample of Credit Unions represented €2.856B or 17% of total asset size of Credit Union movement in the State
- > Certain financial data: Results for 30 September 2017 from annual reports
- > Contributions from CU's ranging in size from under €40m to €300m +
- > Mix of Community based and industrial Credit Unions

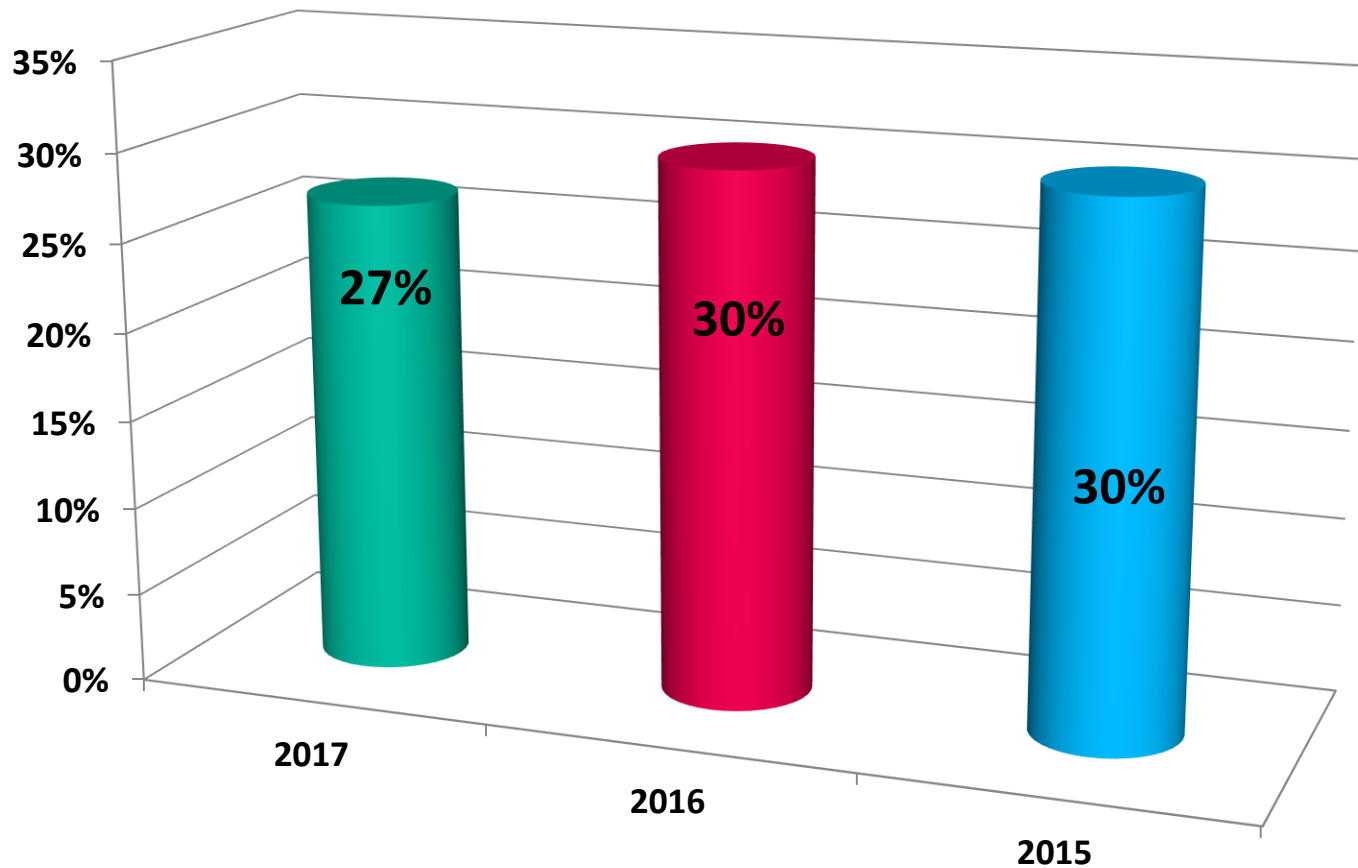
Highlights: Key Survey Findings

- > Loan Book Growth
- > Still concerns over viability for certain CU's
- > HR- Continuing area of challenge
- > Members shares continuing to grow more than expected
- > Marketing/Business development?
- > Board effectiveness?

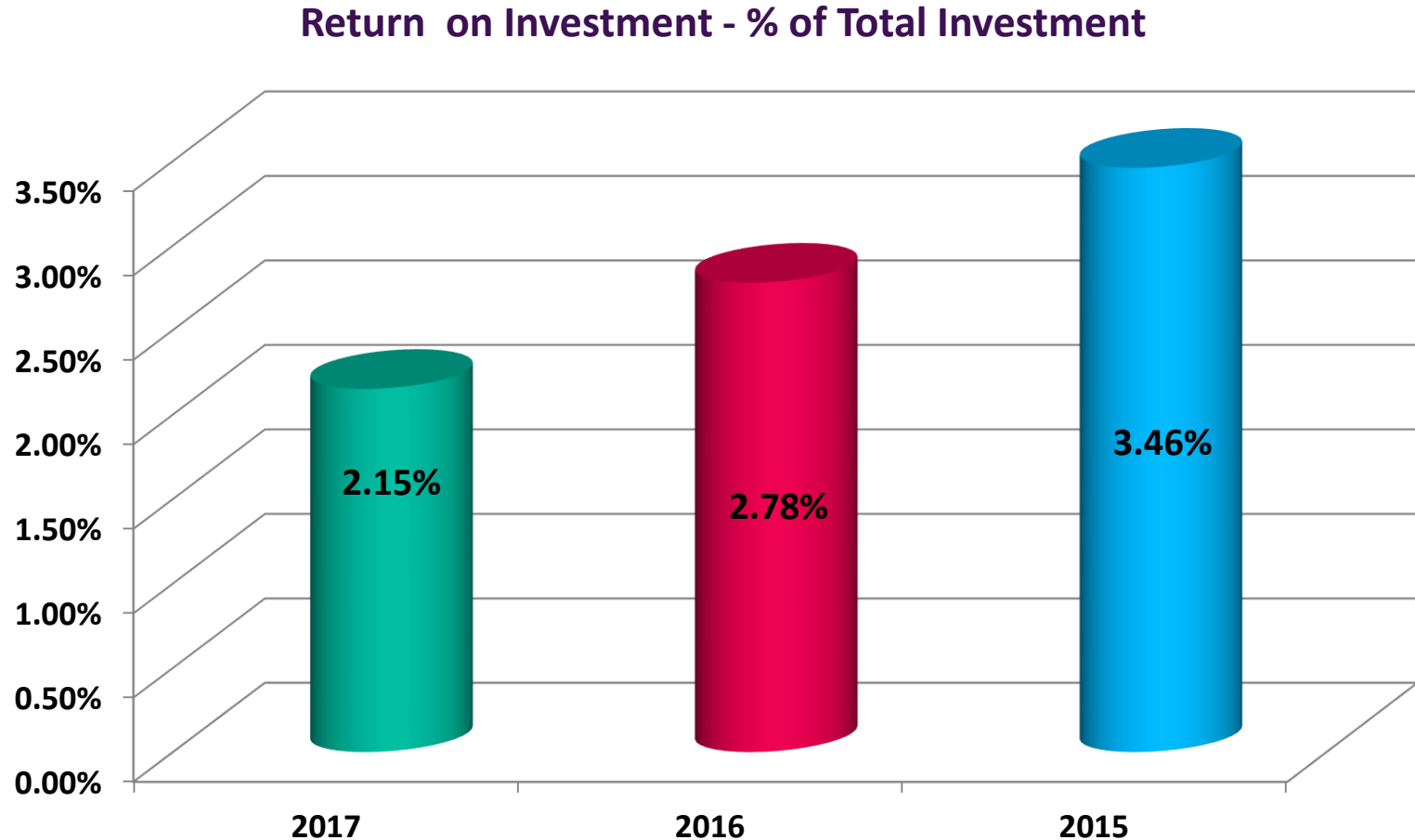
Financials



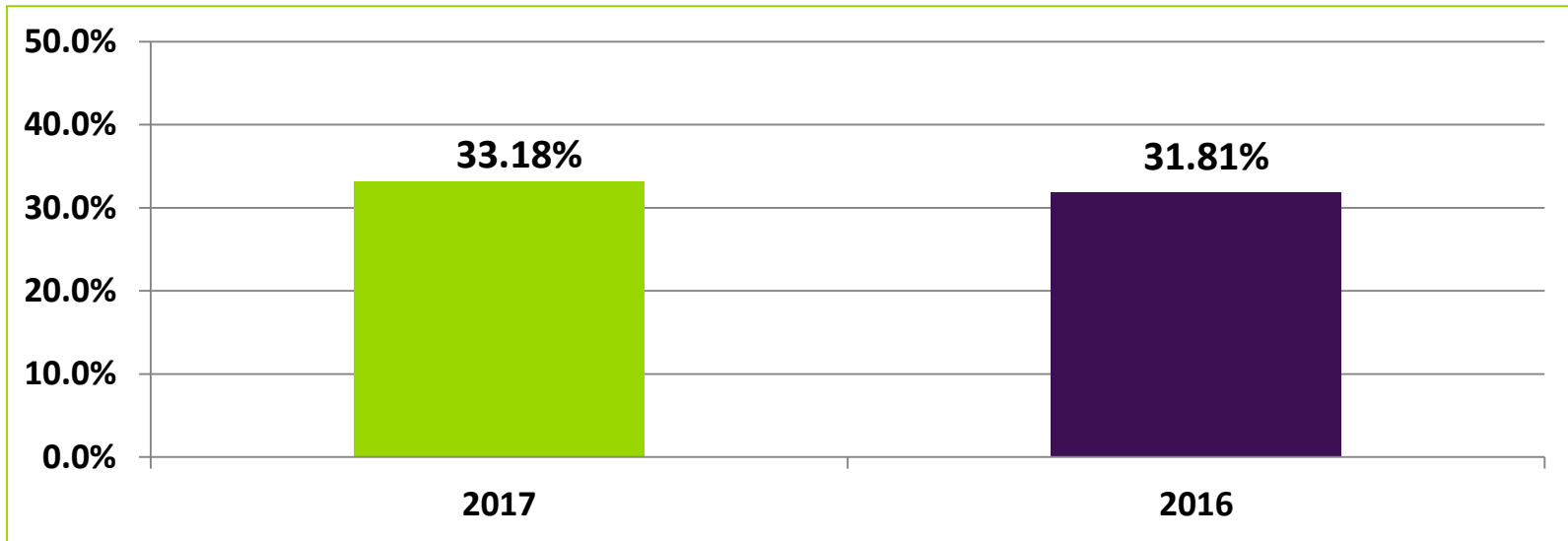
Gross Loan Book as a % of Assets



Financials - Investment Performance



Loan Repayment Ratio



Findings from our survey

	Industrial	Community
Average Loan Repayment Ratio	31%	33%
Highest Repayment Ratio	35%	40%
Lowest Loan Repayment Ratio	27%	24%

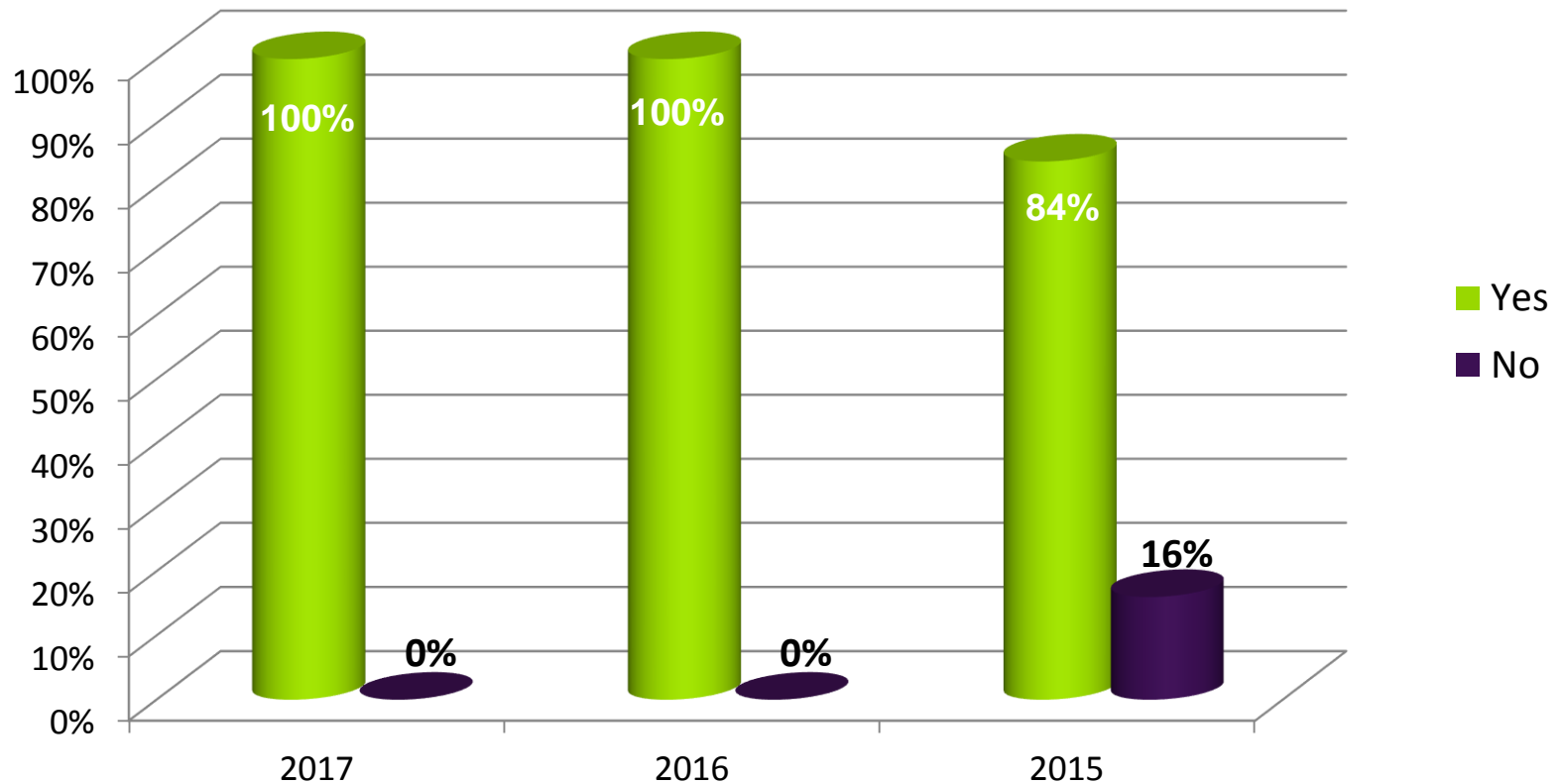
Average Interest Rate on Loans

Findings from our survey

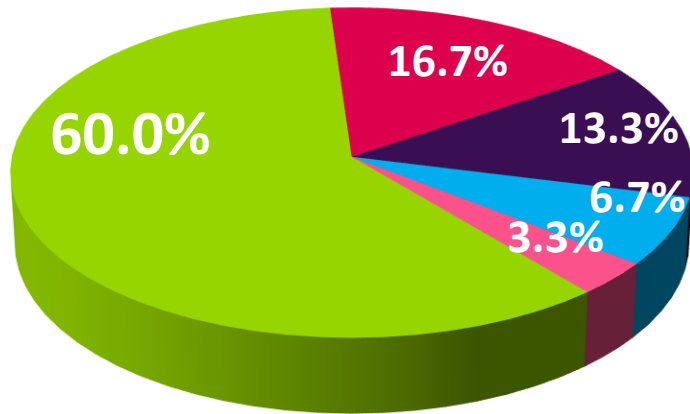
	2017	2016
Average Interest Rate	8.4%	8.8%
Highest Average Interest Rate	11.3%	13.4%
Lowest Average Interest Rate	5.4%	4.6%

Dividends

Did your CU pay a Dividend?



Financials- Dividend Rates



2017

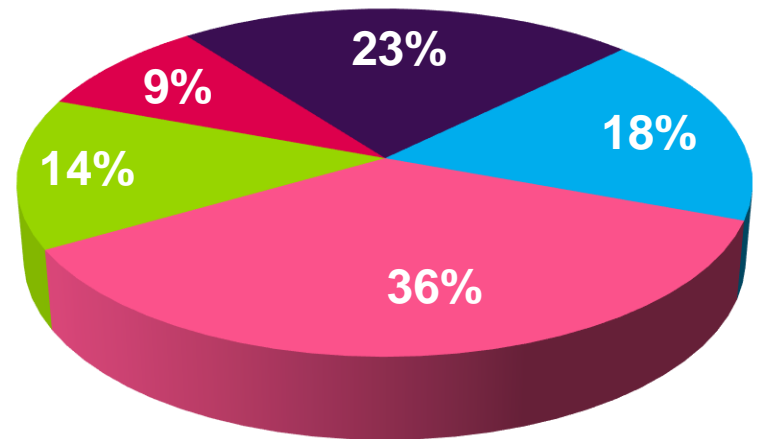
■ 0 - 0.125%

■ 0.125 - 0.25%

■ 0.25 - 0.5%

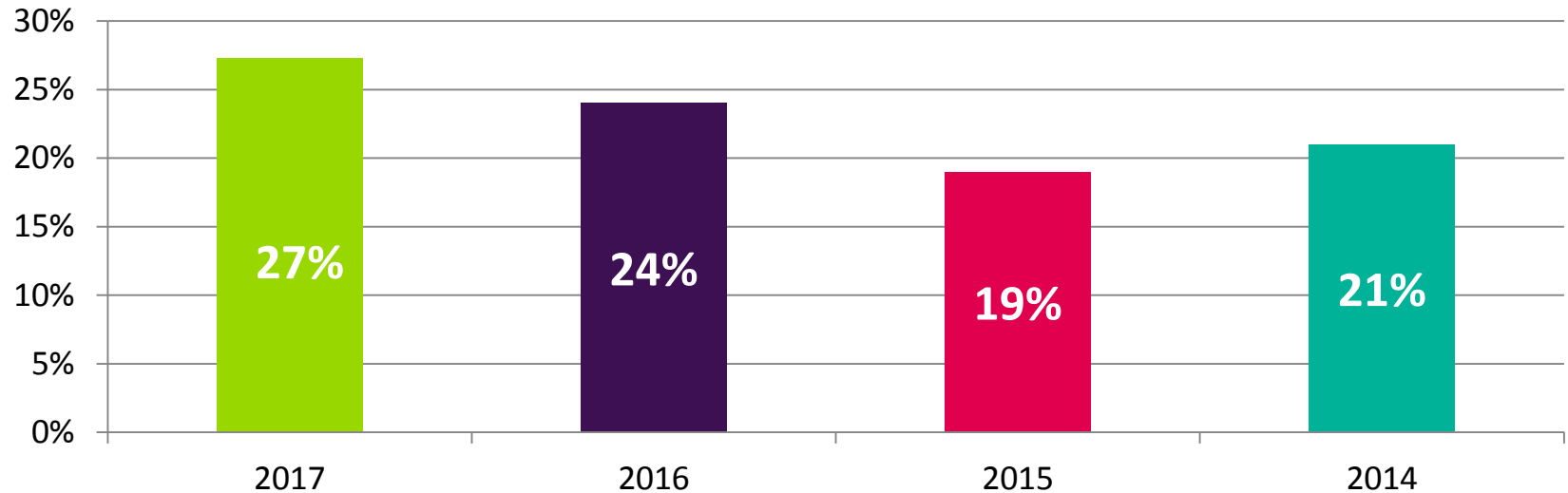
■ 0.5 - 0.75%

■ 0.75 - 1%



2016

Wages % of Income



Findings from our survey

	Industrial	Community
Average Wages/Income ratio	22%	29%
Highest Wages/Income ratio	32%	45%
Lowest Wages/Income ratio	13%	20%

Survey KPI's

	Ind	Comm
	Average	
Reserve Ratio	17%	16%
Expense to Income Ratio	61%	65%
Bad Debt Provision as a % of the Loan Book	3%	6%

Ind	Comm
Highest	
21%	26%
80%	93%
9%	18%

Ind	Comm
Lowest	
13%	13%
40%	32%
1%	1%

Ind = Industrial Credit Unions
Comm = Community Credit Unions

Loan Book



Survey KPI's

	Lowest	
	Ind	Comm
Loans Issued Growth	(6%)	(5%)
Loan Book Growth	1%	(10%)

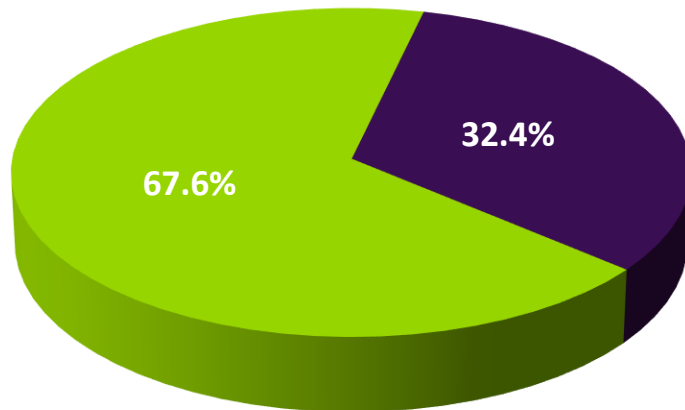
Average	
Ind	Comm
12%	10%
7%	13%

Highest	
Ind	Comm
27%	41%
21%	21%

Ind = Industrial Credit Unions
Comm = Community Credit Unions

Loan Book Growth

Loan Book growth more or less
than expected in 2017



■ More ■ Less

Findings from our survey

- > In terms of growing the loan book, only 35.1% of participants scored themselves as 'Doing Enough'
- > 21.6% of participants feel they are 'Not Doing Enough' to grow the loan book

What is fastest growing loan type?

Top 6 fastest growing loan types were noted as follows:

1. Home improvement – 34%
2. Car– 28%
3. Special Rate Loans – 13%
4. Covered loans– 11%
5. Mortgages- 6%
6. Agri loans – 4%



Regulatory Compliance



Obstacles to embedding these functions noted from Credit Unions

- > Regulatory Changes
- > Time and Resources
- > Skills Knowledge and Training

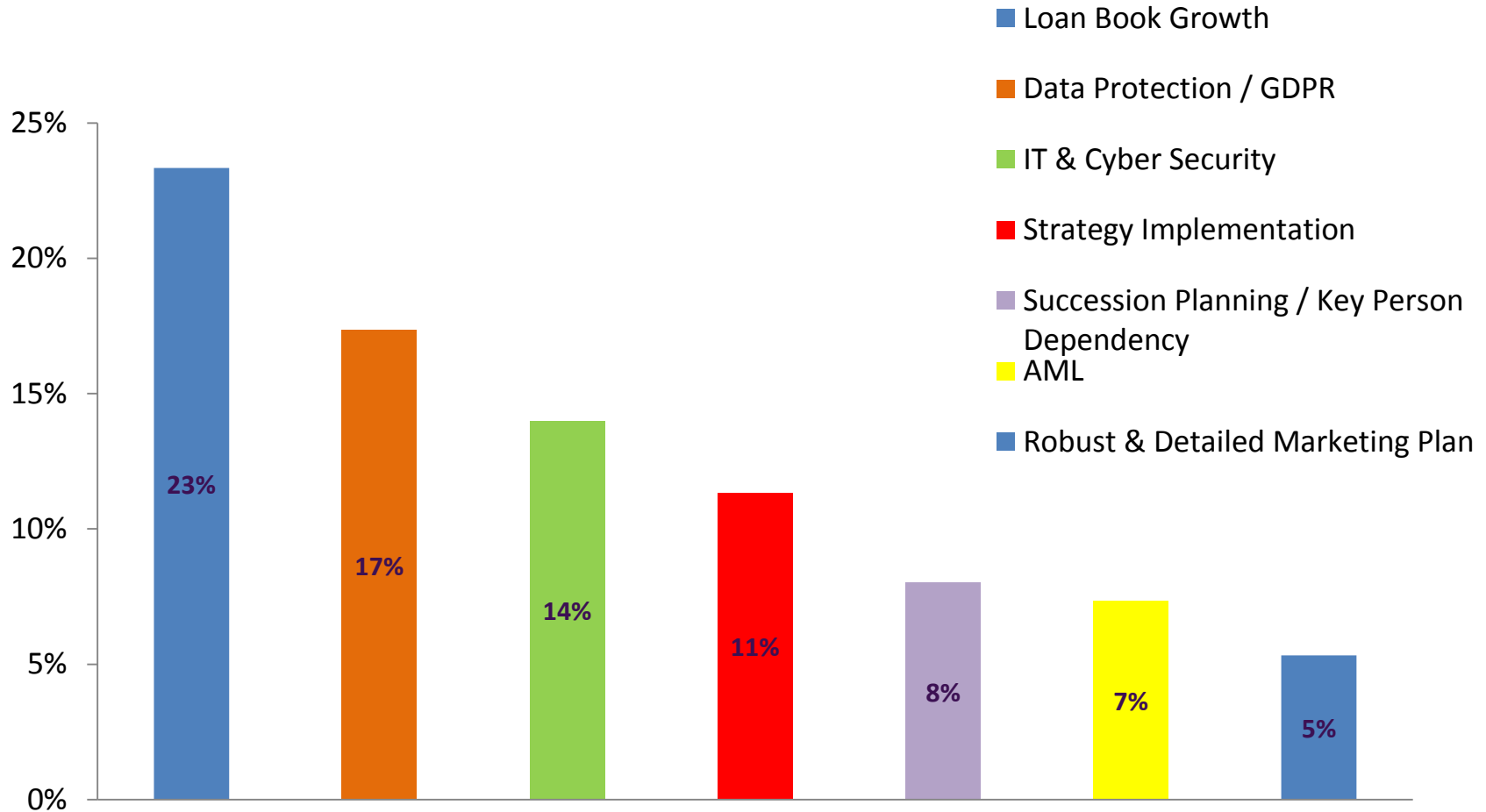


Regulatory Compliance

How are your regulatory functions resourced?

Function	In-house	Outsourced
Internal Audit	0%	100%
Risk Management	58%	42%
Compliance	67%	33%
Data Protection	64%	36%

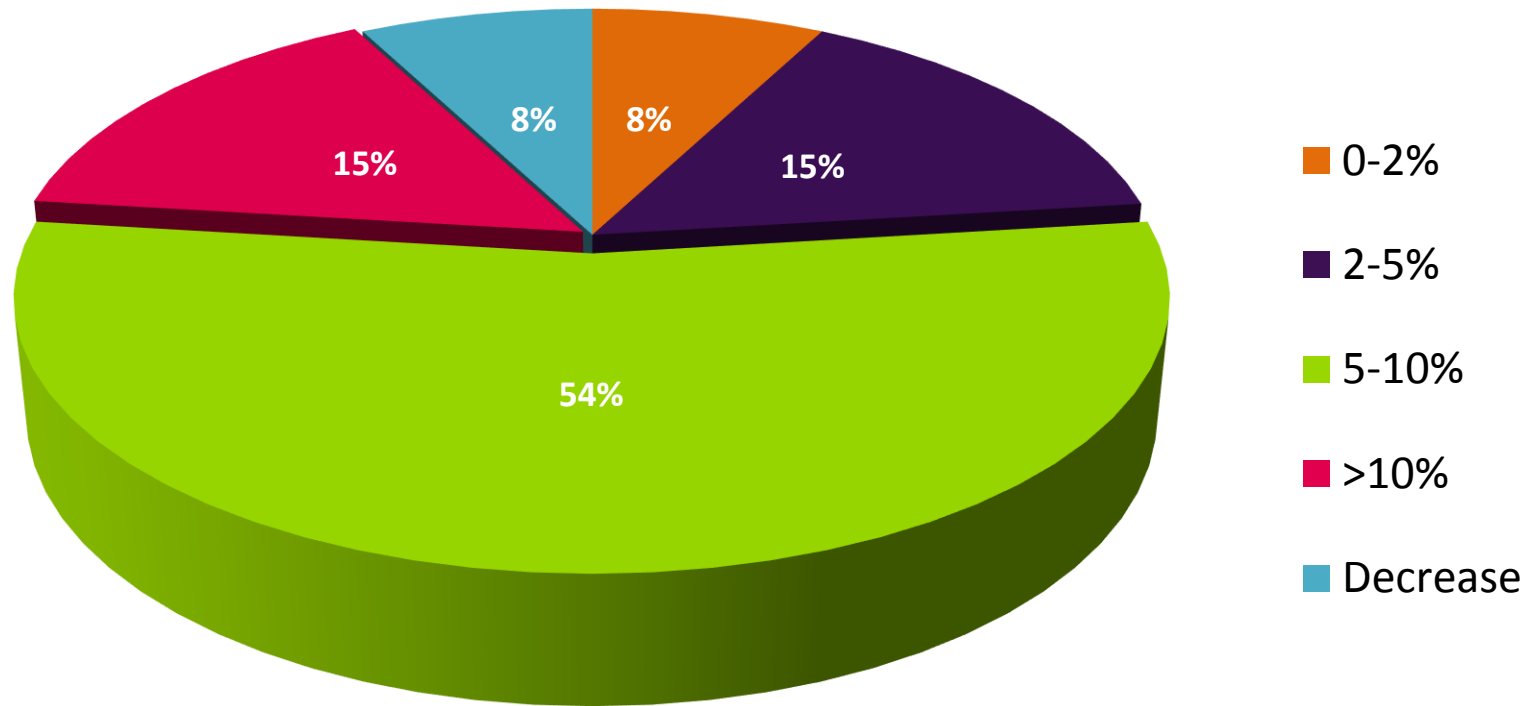
Top Risks Noted from Credit Unions



Member Shares

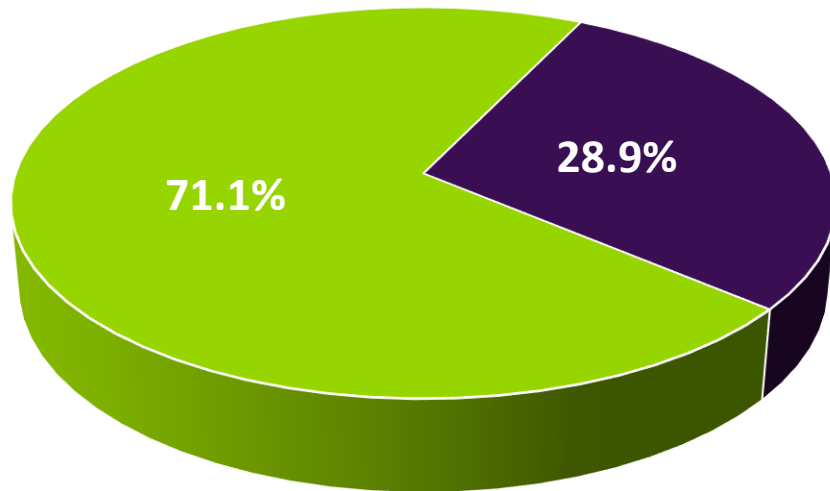


Percentage Increase in Member Shares



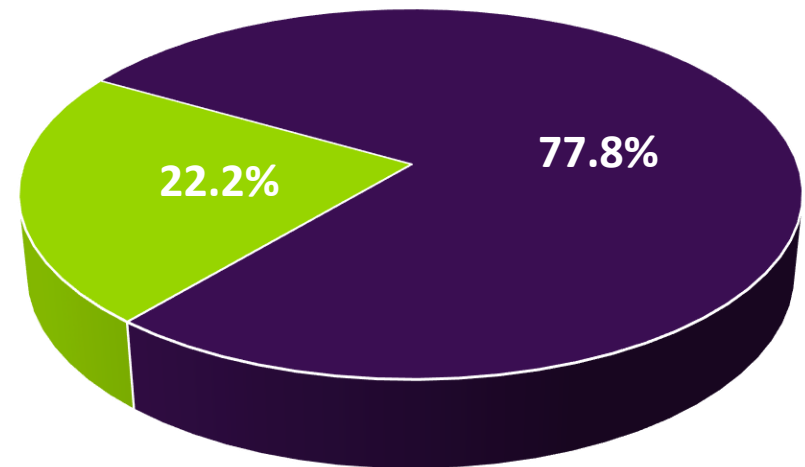
Cap on Shares

Introduction of a Cap



■ Yes ■ No

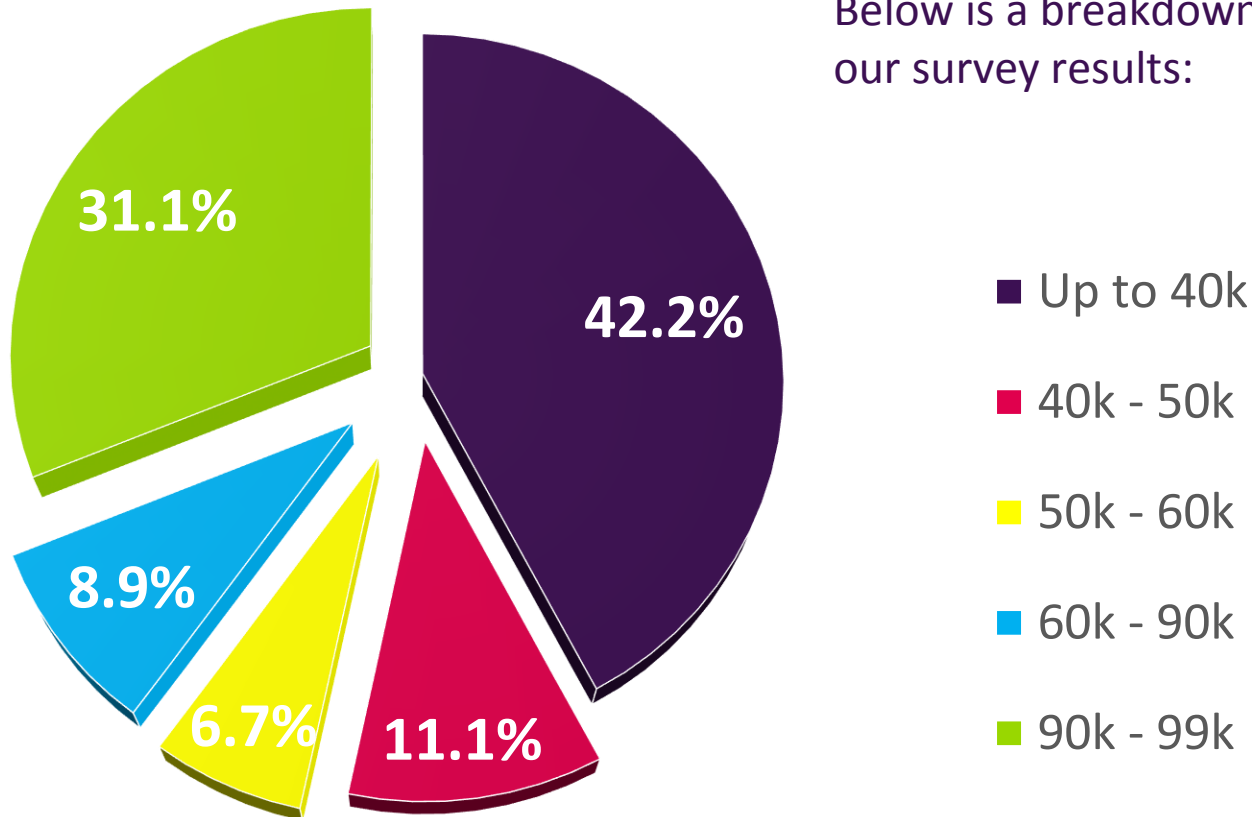
Strategy to match long term lending with long term shares



■ Yes ■ No

Levels shares are capped at

Below is a breakdown of our survey results:

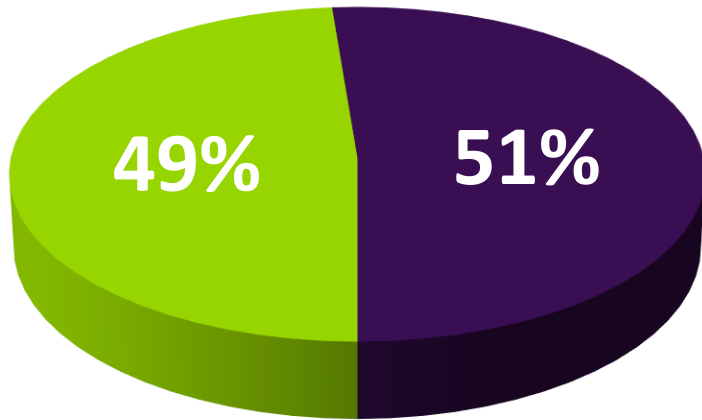


Human Resources

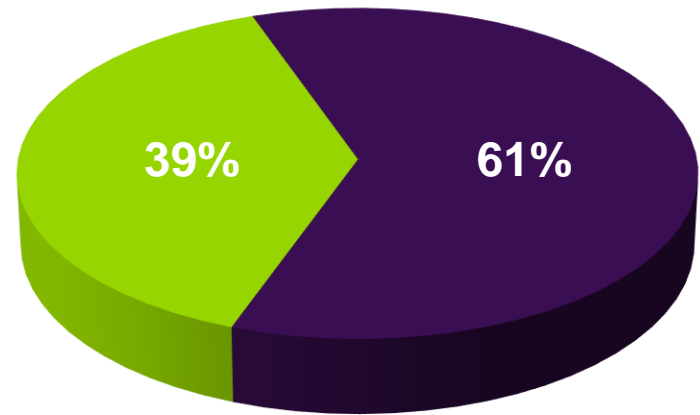


Does your Credit Union intend to increase wages in next 12 months

2017

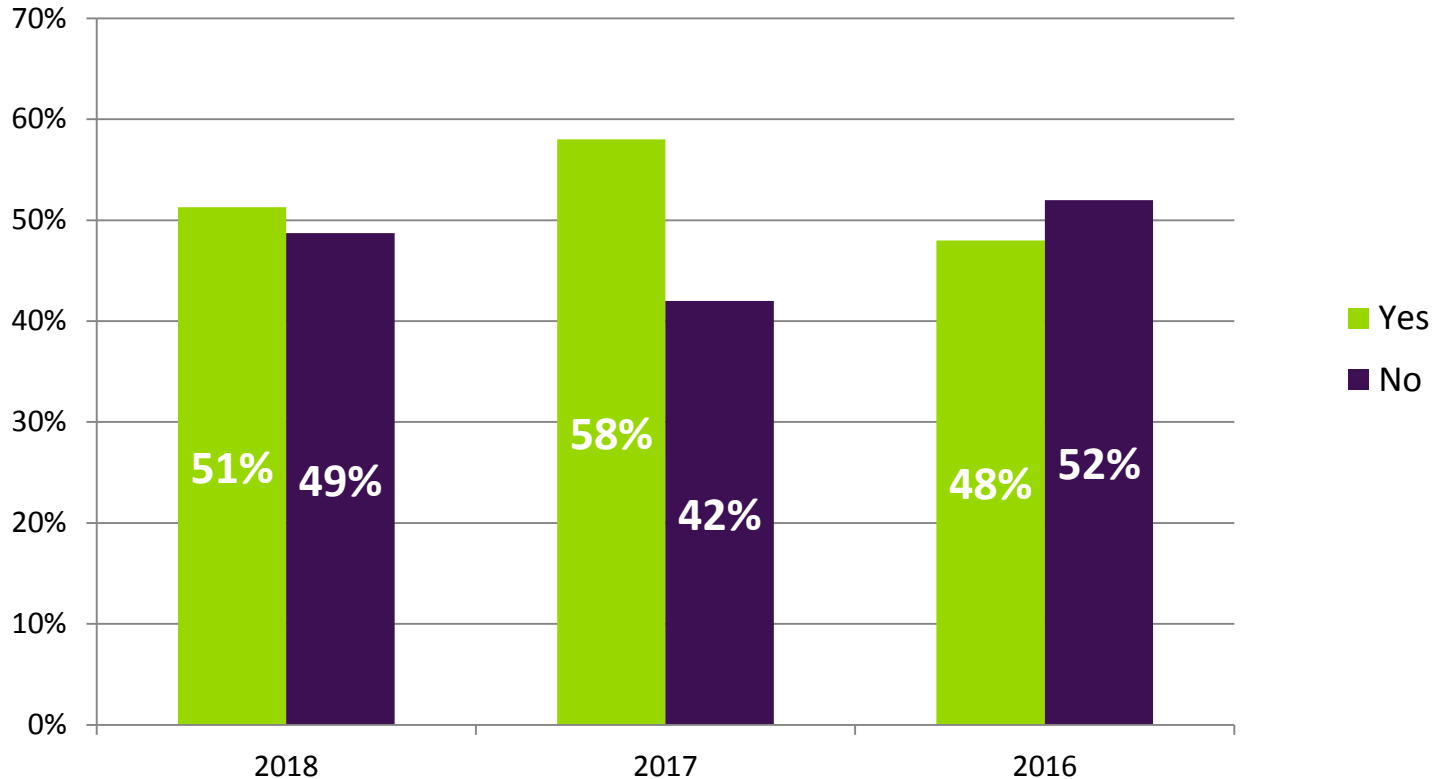


2016

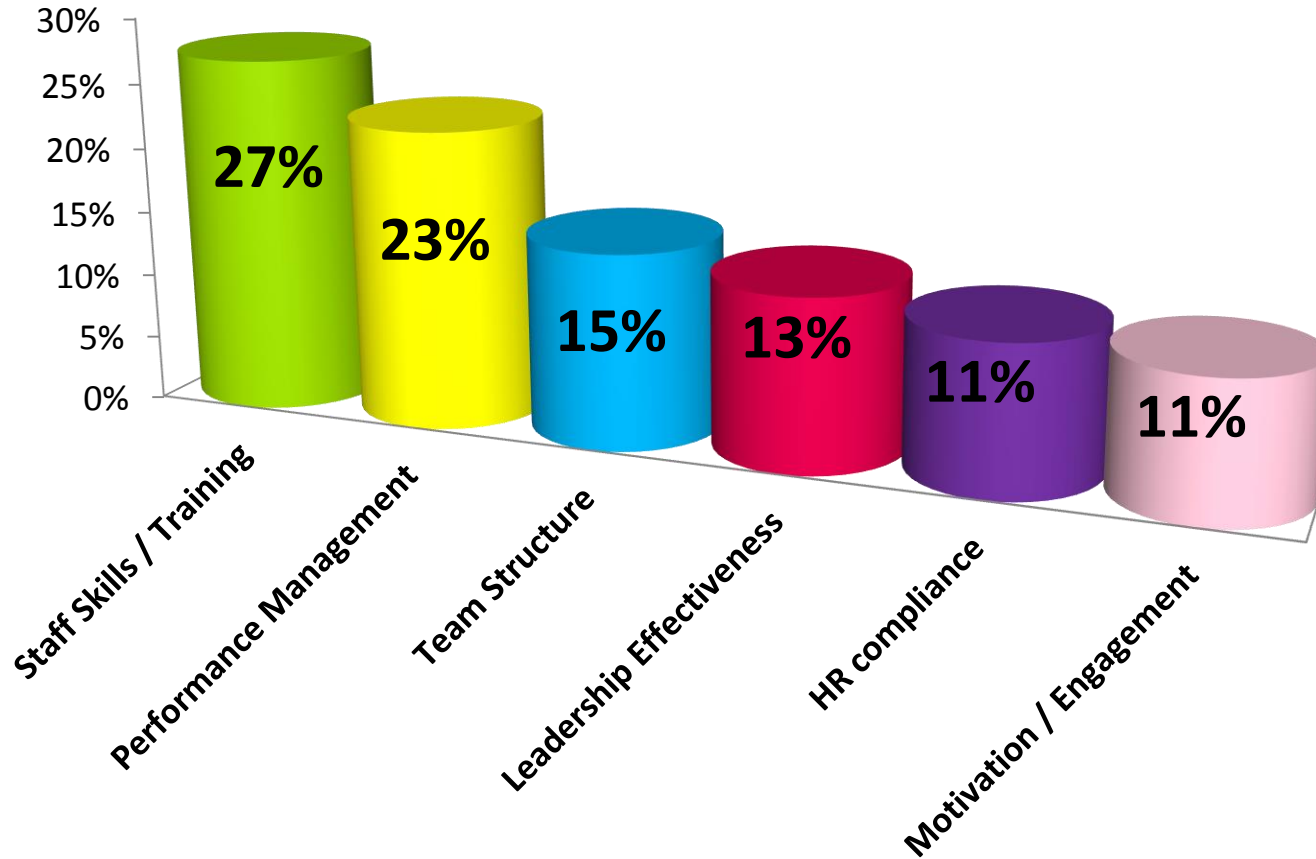


■ Yes ■ No

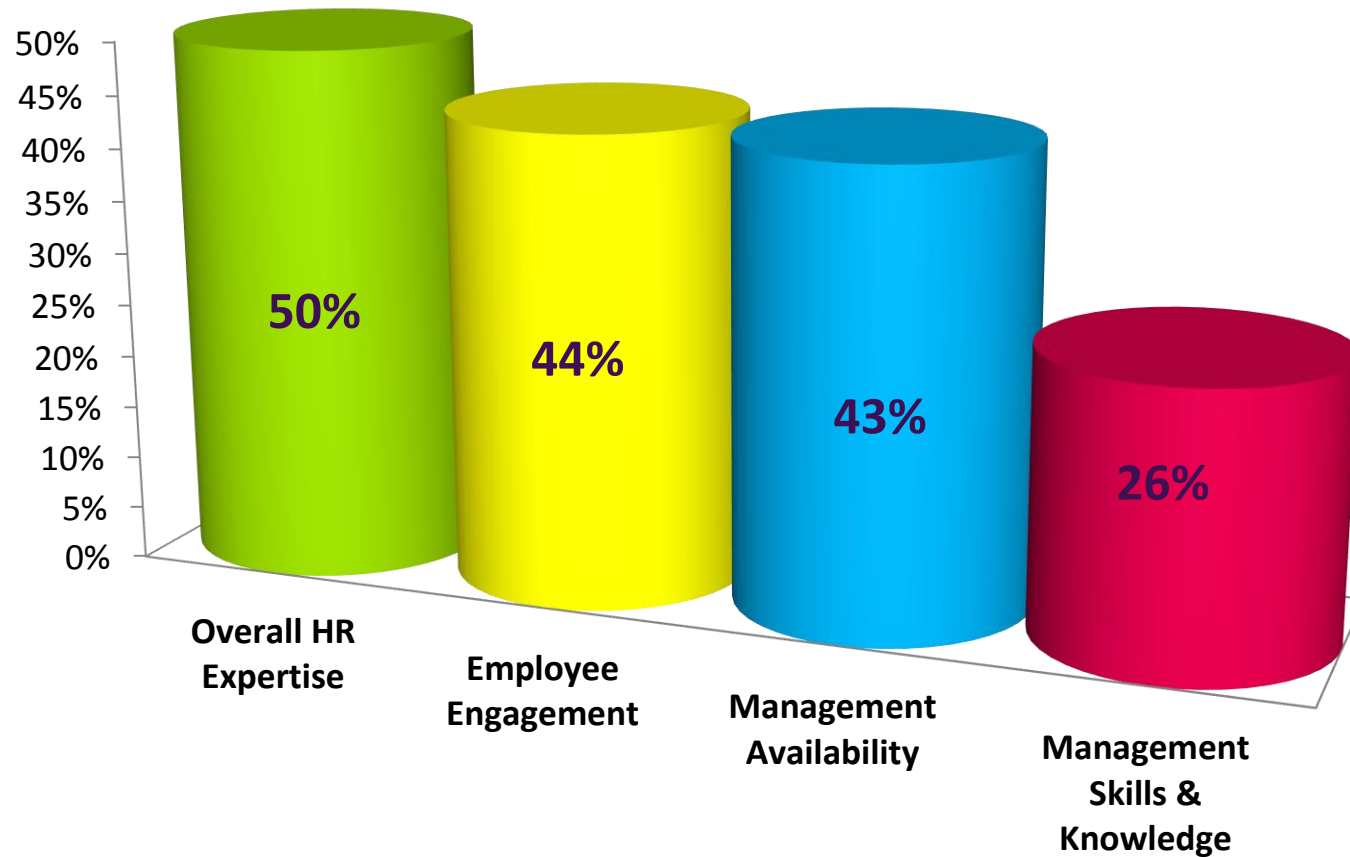
Credit Unions that have Restructured their Teams in the last 12 months



Top HR priorities as noted from respondents



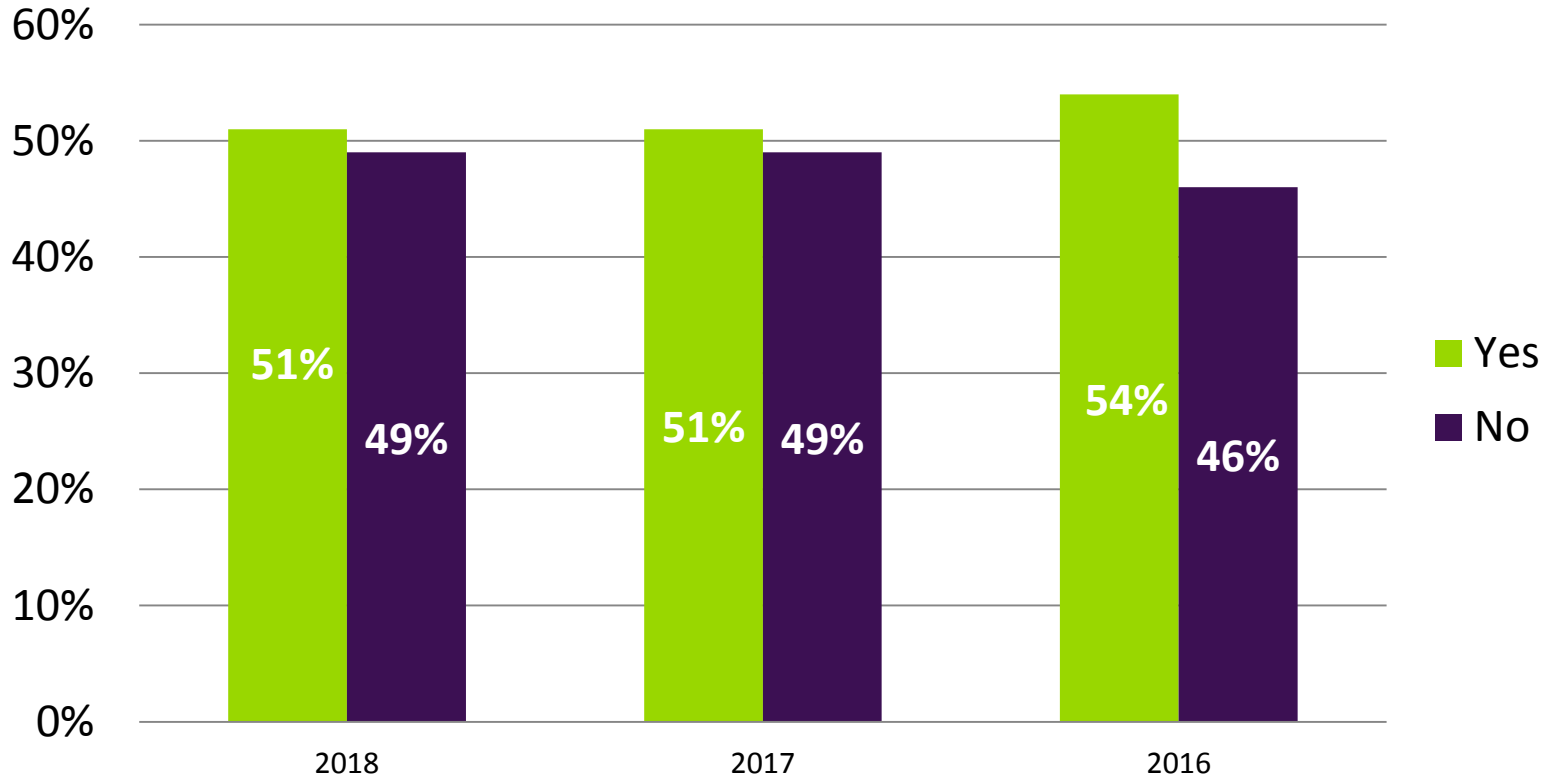
Biggest obstacles in embedding HR framework



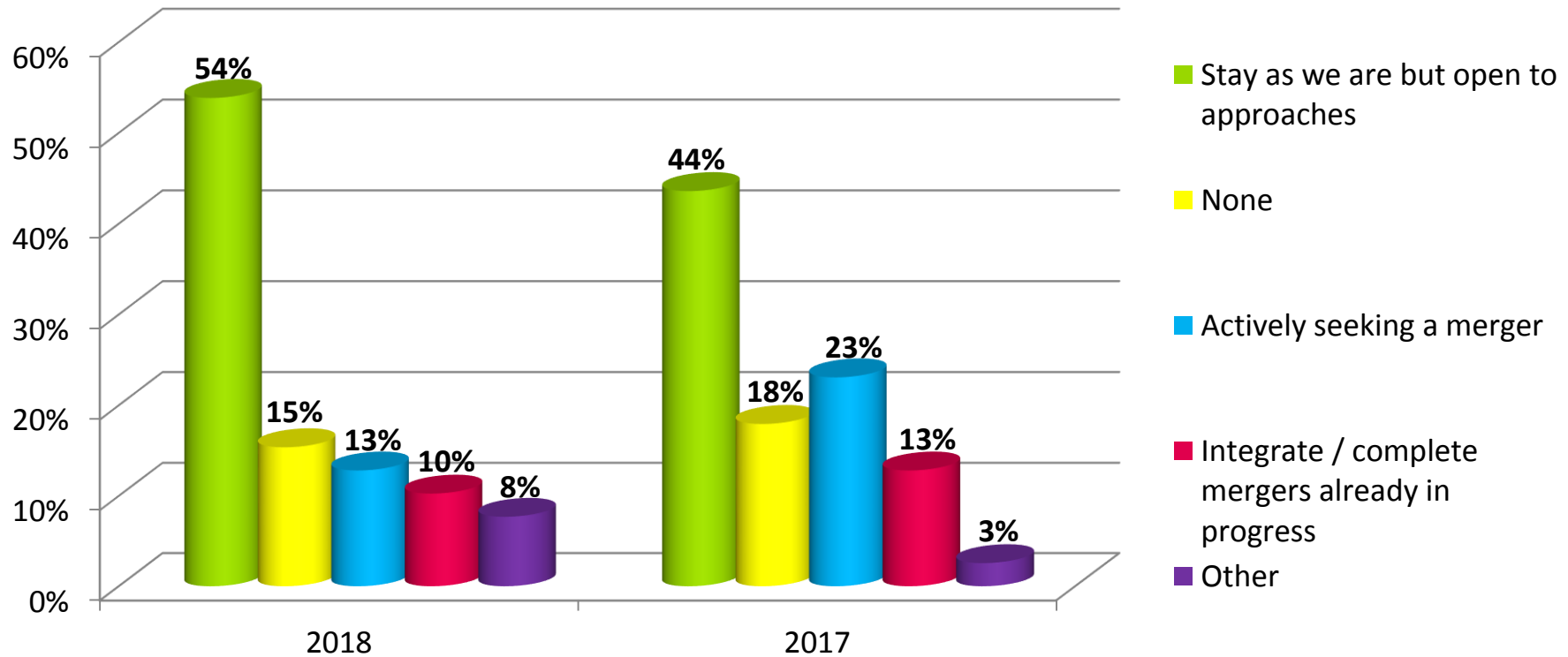
Credit Union Mergers



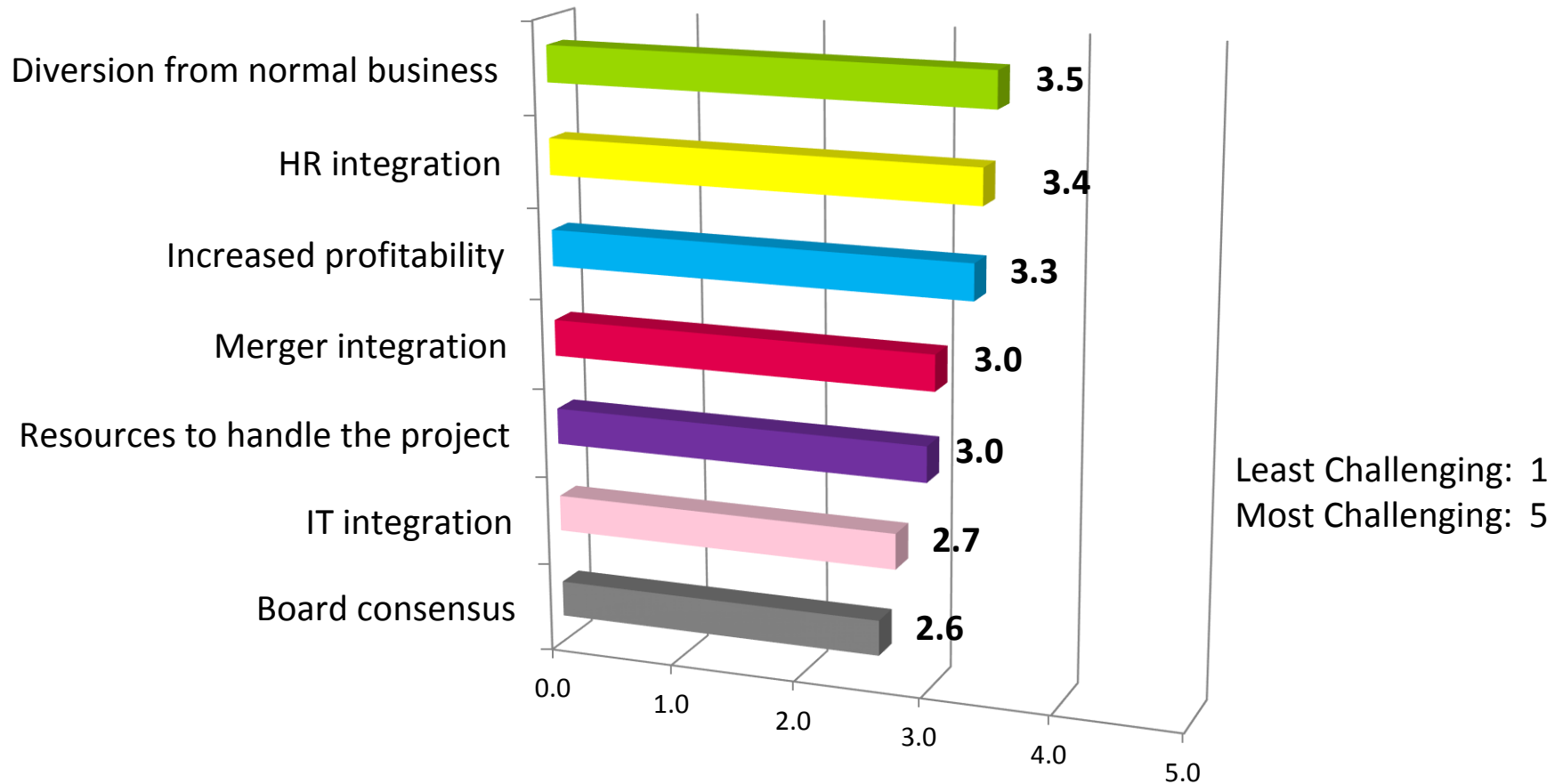
In the process of completion of a Merger



CU's merger plans for the next 3 years



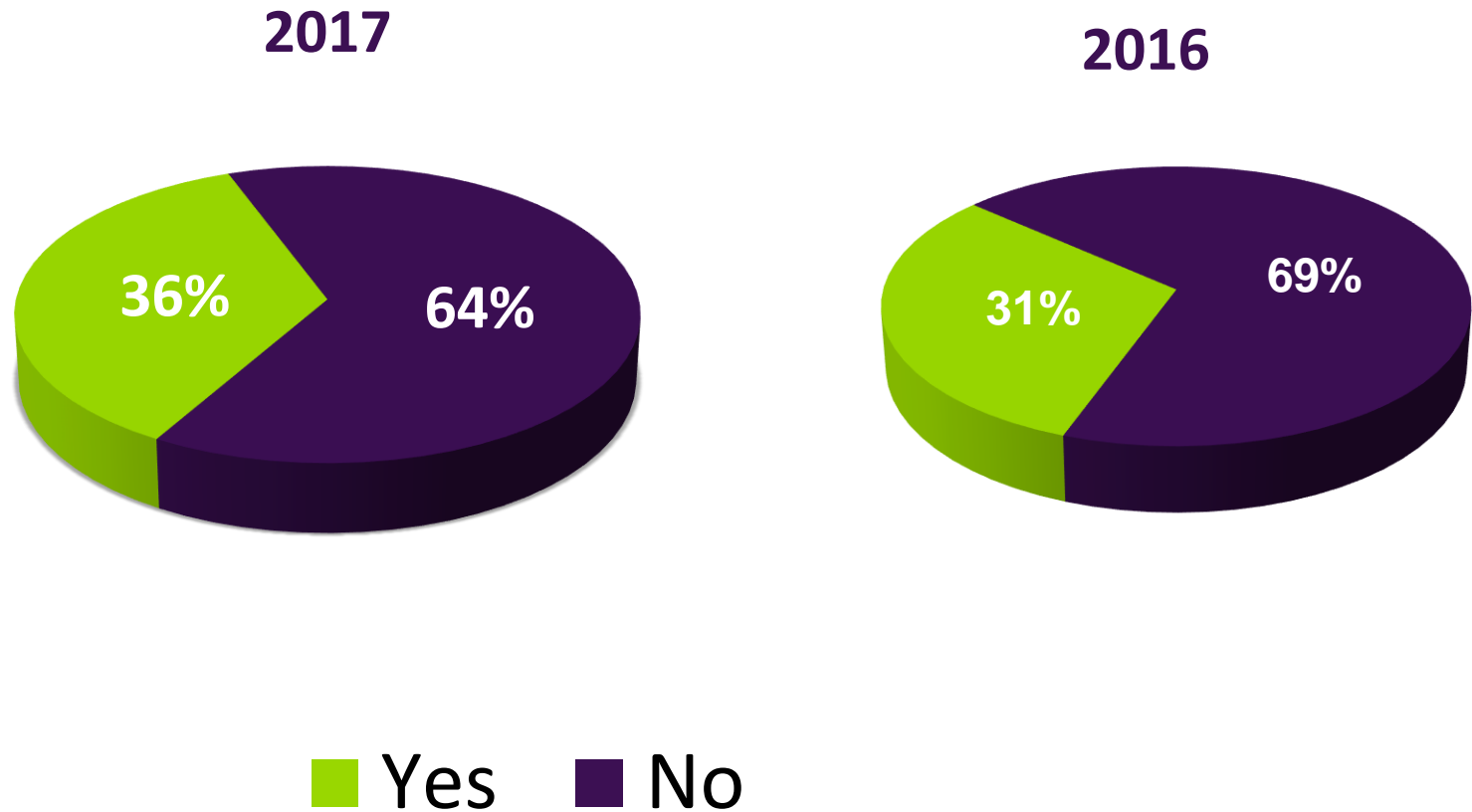
Biggest challenges in implementing merger



Strategy

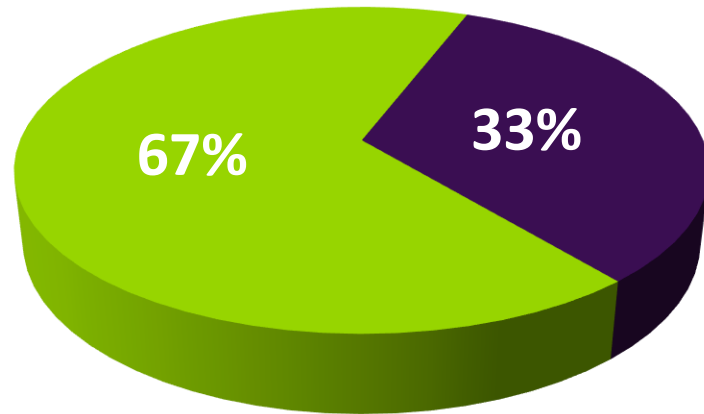


Are there any concerns about viability over the life of the strategic plan?

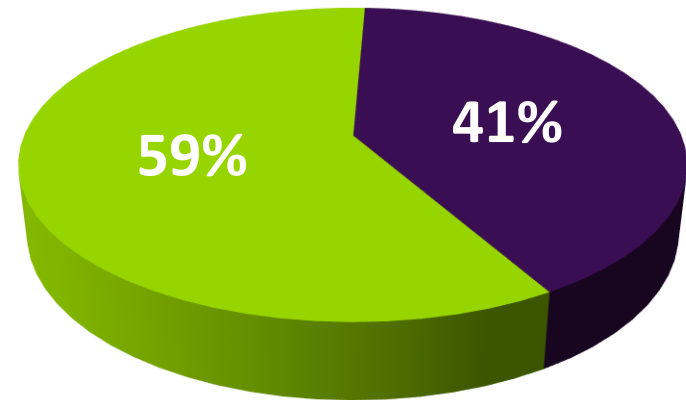


Strategic Planning Day

2018 -Day taken to Review and Update the Strategic Plan



2017 -Day taken to Review and Update the Strategic Plan



■ Yes ■ No

Effectiveness of Board

How effective is your Board?

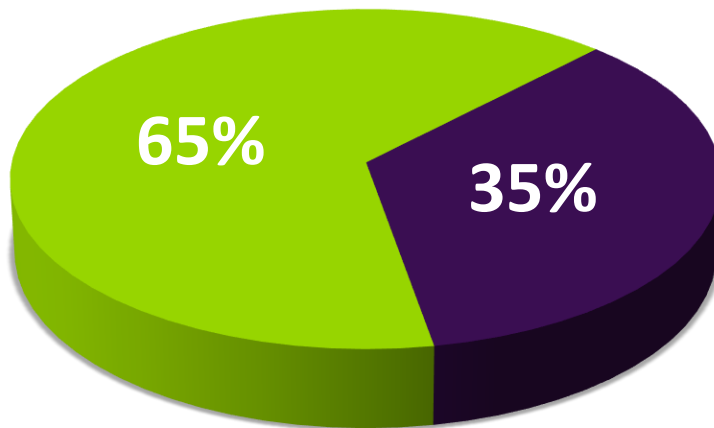
- > Just over half of our sample felt their board was only 50% - 75% effective
- > 38% felt the effectiveness of their Board was between 75%- 100% effective
- > 11% felt Board effectiveness rate was between 25% - 50%
- > Above results were a deterioration of perception of effectiveness of Boards compared to prior year

Marketing

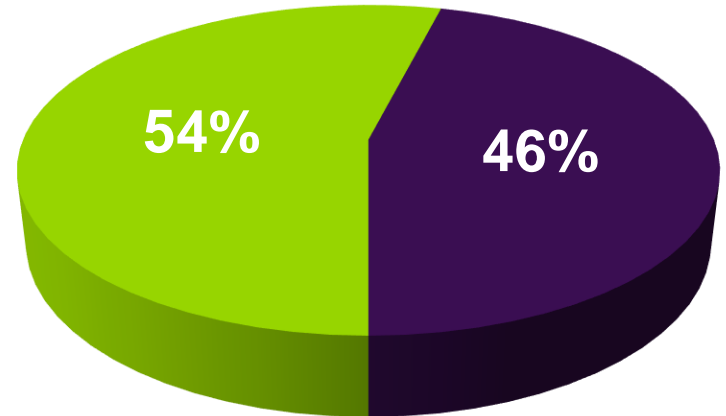


Do you have a specific and separate Marketing/Business Development Function?

2017



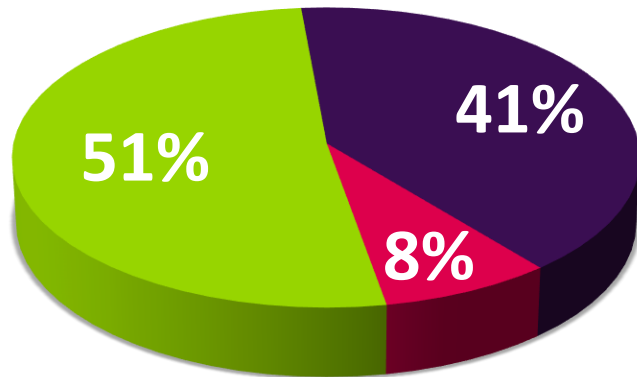
2016



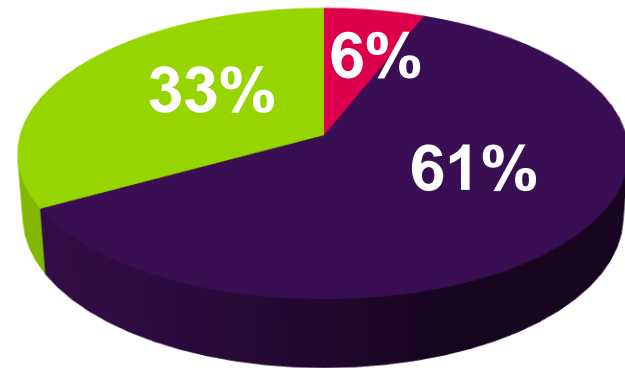
■ Yes ■ No

Marketing Budget as a % of Total Income

2018

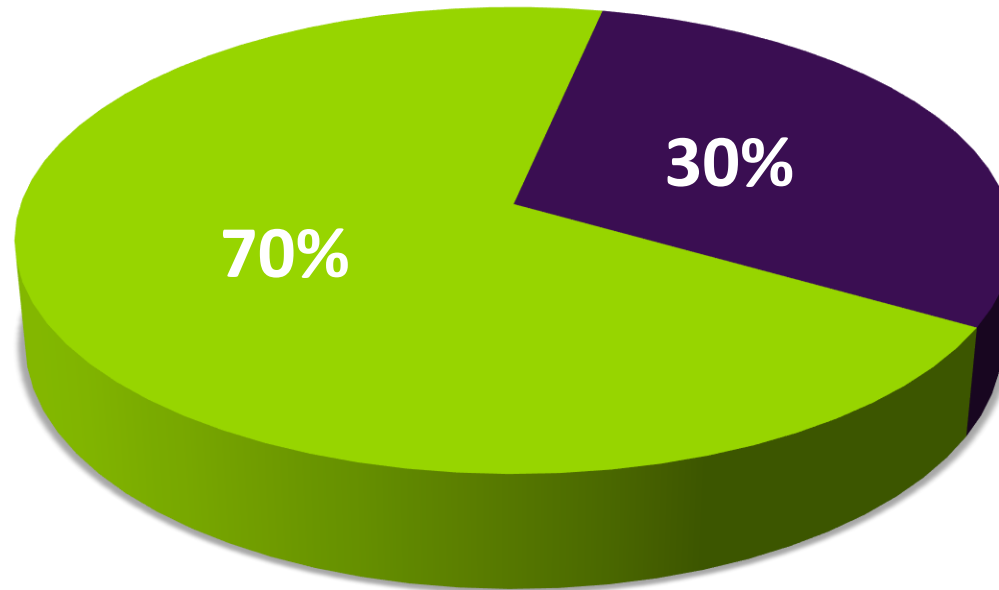


2017



■ 0 - 2% ■ 3 - 5% ■ > 5%

Respondents with a Strategic Marketing Plan for growing the loan book



■ Yes ■ No

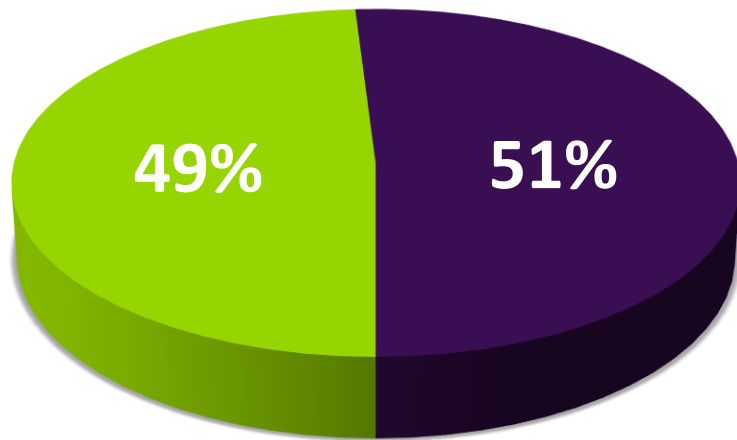
Marketing & Business Development

How effective is your Marketing Business Development function?

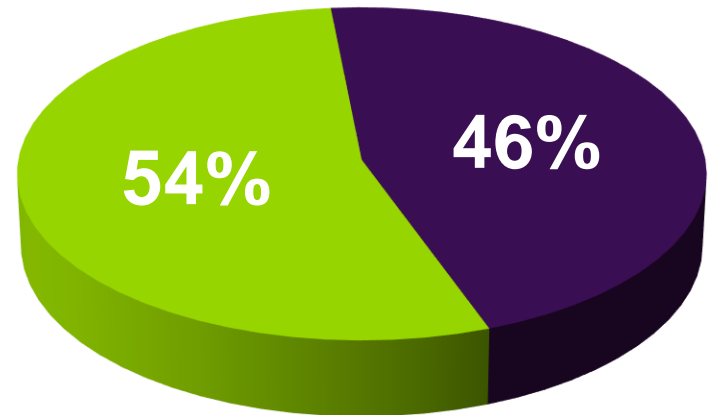
- > Only 14% of respondents felt the function was 75%- 100% effective
- > 46% felt the function was between 50%-75% effective
- > 35% felt the function was only between 25% and 50% effective
- > Room for improvement

Has your Credit Union collaborated with Other CU's on Innovative Products

2018

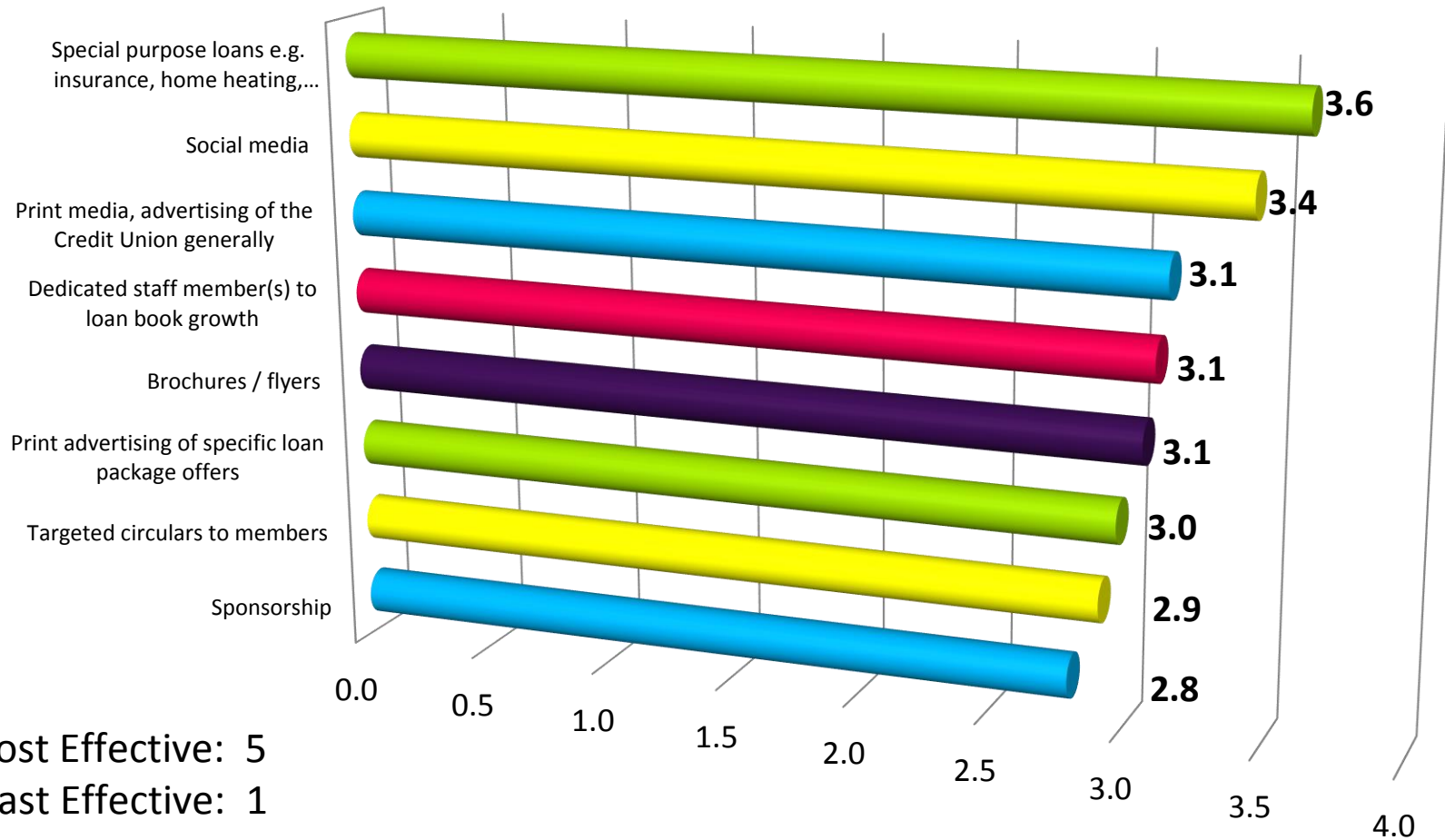


2017



■ Yes ■ No

Effectiveness of Initiatives undertaken to grow the Loan Book



Summary & Conclusion

HR

HR effectiveness review? Is right structure in place to deliver strategic objectives?

Marketing/Business Dev

Are appropriate resources being spent on growing the loan book?

Viability

Is sufficient time being devoted to monitoring of Strategic plan, planning for the future, exploring potential merger opportunities?

Board effectiveness

Are Board focussing on Non exec role? Are Nominations Committee functioning well and Board getting appropriate training to increase effectiveness?

Regulatory Compliance

What is blocking embeddedness- Skills? Expertise? Resources? Outsourcing considered



Thank you



We're by your side

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