



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

T +353 (0)1 224 6000

Bosca PO 559
Baile Átha Cliath 1

PO Box 559
Dublin 1

www.centralbank.ie

José Manuel Campa
Chairperson
European Banking Authority

17 July 2020

Notification of unavailability of deposits at Drumcondra and District Credit Union

Dear Mr Campa

In accordance with EBA Decision EBA/DC/2018/243, the Central Bank of Ireland ("Central Bank") hereby provides notification of a determination of unavailability of deposits pursuant to point (8) of Article 2(1) of Directive 2014/49/EU.

On 2 July 2020, the Central Bank made an application to the High Court to have provisional liquidators appointed to Drumcondra and District Credit Union Limited ("Drumcondra Credit Union"), following which joint provisional liquidators were appointed.

The Central Bank took this action to protect members' savings and to avoid a disorderly failure of the credit union. The Central Bank had been engaging with Drumcondra Credit Union to address long-standing challenges connected with its financial viability. Despite efforts by Drumcondra Credit Union to overcome those challenges through a voluntary transfer of engagements, all potential solutions available to the credit union were ultimately unsuccessful. The Board had been co-operating with the Central Bank at all times, including in respect of the action on 2 July. This action was not related to the exceptional circumstances of COVID-19.

Following extensive 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 Credit Union was made by the Governor of the Central Bank. The legal grounds under which the Governor made this decision are set out in the Central Bank and Credit Institutions (Resolution) Act 2011 (the "2011 Act") are that:

- in the opinion of the Central Bank the winding up of the credit union is in the public interest;
- the credit union has failed to comply with a direction of the Central Bank under section 87 of the Credit Union Act 1997; and
- the Central Bank considers it is in the interest of persons having deposits with the credit union that it be wound up.



Following the resulting invocation of the Deposit Guarantee Scheme (DGS) on 2 July 2020, compensation payments were issued to approximately 4,600 members of Drumcondra Credit Union. The total amount of compensation paid amounts to approximately €12.9 million representing over 95% of eligible deposits covered by the DGS. The DGS continues to work on remaining cases that require additional information and further verification.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Stephen Cummins'.

Stephen Cummins
Deposit Guarantee Scheme Manager
Central Bank of Ireland