



Another Bailout?



I thought bailouts were for bankers?

Will the talk of financial bailouts ever come to an end? This time it's the credit unions that are making the headlines, queuing up for the banks leftovers. Once again it would be easy to think that every credit union must be in the same boat with all the media coverage, but this isn't the case. There are over 400 credit unions in the Republic; in fact this is one of the problems for the Regulator. Every credit union in Ireland is an independent organisation, some are struggling, others are not, all have undoubtedly felt the pressure of the recessionary environment and been subject to increased regulation.

The Finance Minister Michael Noonan has announced that the credit union sector will receive a taxpayer bailout of up to €1 billion. It has been reported that the bailout will be allocated to struggling credit unions on a case by case basis, figures mentioned have ranged greatly in terms of both the number of credit unions in serious distress to the value of funds needed.

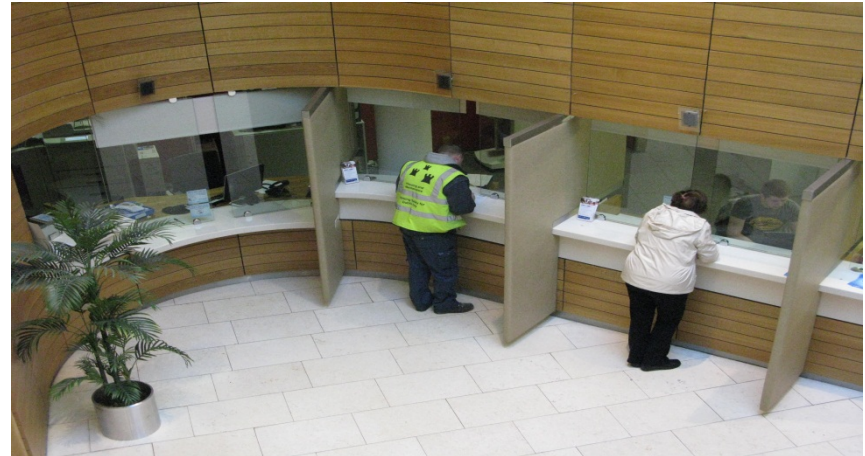
Reports have indicated that the government has been forced to intervene due to the inadequacy of the Irish League of Credit Unions (ILCU) Savings Protection Scheme, commonly known as the SPS Fund. Dubco members will recall that this very fund was central to the rationale for your Board of Directors taking the decision to disaffiliate from the ILCU. While some reports have stated that the coverage over the last couple of days is the first indication that a bailout would be required, however Dubco and other like-minded credit unions, have had the SPS issue highlighted for over a decade. We have long looked forward to a much overdue review of existing credit union legislation together with the creation of a Central Liquidity Fund for credit unions.

Members can continue to take comfort in remembering that individual member savings of up to €100,000 in your credit union are guaranteed by the Deposit Guarantee Scheme operated by the Central Bank.

What's the Dubco position?

Dubco is a progressive organisation in favour of regulatory controls and good Corporate Governance. We also believe that the essential values of the credit union movement, which play such an important role in the communities in which we operate, must be protected. Indeed we believe that credit unions should be seen as part of the solution to the current financial crisis in Ireland.

Dubco is not a credit union that has received or been identified for assistance. We hope to be selected to assist the sector by being a transferee credit union and have been proactive in our policies to risk, capital reserves and provisioning, striving to operate in line with best practice at all times.



Dubco continue to work with our members to provide fair and affordable financial services during these difficult times. We remain dedicated to maintaining the trust of our members.

As a progressive credit union, we at Dubco support the concept of mergers, amalgamations and the use of shared services for the future security and indeed growth of the credit union movement in Ireland. In our 2007-2010 Strategic Plan we identified mergers and amalgamations as part of our mission statement and we continue to look forward to development along these lines.

Will Dubco be paying a dividend this year?

Taking into consideration the current financial climate and expected year end surplus for distribution, it is anticipated that the Board of Directors will recommend a dividend of at least 1.5% to the Annual General Meeting for the year ended 30th September 2011.

While a number of credit unions are experiencing distress due to investment losses, lack of liquidity and increased bad debts, Dubco however remains a strong, secure financial co-operative which continues to use the funds from member savings built up in a co-operative manner in the best interests of all members.

Are there regulatory lending restrictions in Dubco?

No. Dubco continue to operate as normal and we would encourage our members to contact us in the first instance with any borrowing requirements that they may have. Dubco is well positioned to continue to provide for member saving and loan requirements in a safe and secure way.

We continue to urge any member experiencing financial difficulty to talk to us. We remain acutely aware of the difficulties being faced by some of our members and continue to concentrate our efforts on providing budgeting assistance and financial education as a means to combating the difficult economic environment and the challenges it presents.