

8th May 2019

Dear Member,

The Board of Sarsfield Credit Union Limited has taken the difficult decision to limit shares to €20,000 per Member after seeing a significant increase in the volume and quantum of savings being made at the Credit Union over the last 12 months which unfortunately has knock on implications for the Credit Union's cost base.

What this means for you, as a Member of Sarsfield Credit Union Limited, and what do you need to do now:

- The Board have implemented a limit on a Member's shares with the Credit Union of €20,000 per Member.
- Where a Member has existing share balances greater than €20,000 these **can** remain in the Member's account, **but no new savings can be lodged.**
- Where future withdrawals bring a Member's share balance below €20,000 at any stage, **no new savings can be lodged thereafter which would bring the Member's share balance over €20,000.**
- If a Member's existing share balance is in excess of (or close to) €20,000 and there is currently an existing automated banking transaction (e.g. an existing standing order) being paid to the Member's Credit Union share account please be aware that member will have to cancel this standing order with their Bank on or before the 4th June 2019 following which these **standing order lodgements will be automatically returned by the Credit Union from 4th June 2019.** Please note the Credit Union will also return any automated banking transaction or lodgement between now and the 4th June 2019 that is not in line with a Member's existing savings pattern.

Why the Board had to make this decision:

It is evident from the level of ongoing savings being received that our Members have real confidence in our Credit Union, which is very positive and reflects the **financial strength, security and stability of our Credit Union.** However, the Board have had to make this decision after a significant increase in the level of savings being received by the Credit Union over the past 12 months. This increase in savings has unfortunately had knock on implications for the Credit Union's cost base in terms of: -

- Increased Regulatory Costs,
- Increased Membership Costs (Death Benefit Insurance and Savings Insurance),
- Increased Capital Reserve requirements i.e. as savings increase the Credit Union must allocate funds from our surplus / profits to our Capital Reserve. This can have the effect of reducing the amount available to (i) pay a dividend, (ii) pay a loan interest rebate, (iii) could potentially reduce our existing levels of member benefits and (iv) the potential roll out of new Member services in future etc.

In addition due to the high level of on demand savings held by the Credit Union, the Credit Union has to ensure it maintains minimum regulatory liquidity requirements resulting in the Credit Union having to place a minimum of 20% of its Relevant Liquid Assets in short term low yielding interest rate, or zero rated investment products,

which has an impact on the Credit Unions ability to generate strong investment income returns on these funds. There is also the possibility that the Credit Union could be charged negative interest rates by banks for placing investments / deposits in the near future.

The low interest rate environment in which we are currently operating is a challenge for all Financial Institutions not just Sarsfield Credit Union. Where a number of other credit unions have implemented a cap on member savings and returned all monies above this cap to their members, Sarsfield Credit Union is not doing this in the best interest of its existing members.

We apologise for any inconvenience this decision may cause, but it is a necessary step as it is not possible for our Credit Union to continue to accept increased savings given the costs to the Credit Union.

At all times, our service to members sits at the heart of all our activities and we hope that as the interest rate environment improves over time, we may be in a position to review these measures to accommodate greater savings in the future. This will be communicated to Members if or when the situation changes.

Please be assured that your credit union remains financially strong, secure and stable. Should you wish to discuss this issue with one of our team you can make an appointment with either Patrick Flaherty, Kate McGrath or David Costelloe to discuss the matter by phoning 061 317910 / email happytohelp@sarsfieldcu.ie

Yours faithfully,

For and on behalf of the Board of

Sarsfield Credit Union Limited



David Costelloe
CEO