The Benefits of Membership

Customized Analysis of Member Benefits For:

New Mexico

June 2013

Prepared by:

Credit Union National Association
Economics and Statistics Department

AMERICA'S CREDIT UNIONS™

New Mexico

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high saving rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that New Mexico credit unions provided $63,247,597 in direct financial benefits to the state's 712,397 members during the twelve months ending June 2013.

These benefits are equivalent to $89 per member or $169 per member household [1].

Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union non-interest income to obtain the total estimated benefits arising from fees.

The per-member and per-household benefits delivered by New Mexico credit unions are substantial. But, these benefits are *averages*. Mathematically, that means the total benefits provided are divided across all members (or all member households) - even those who conduct very little financial business with New Mexico credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a New Mexico credit union will save members an average $219 per year in interest expense compared to what they would pay at a banking institution in the state.

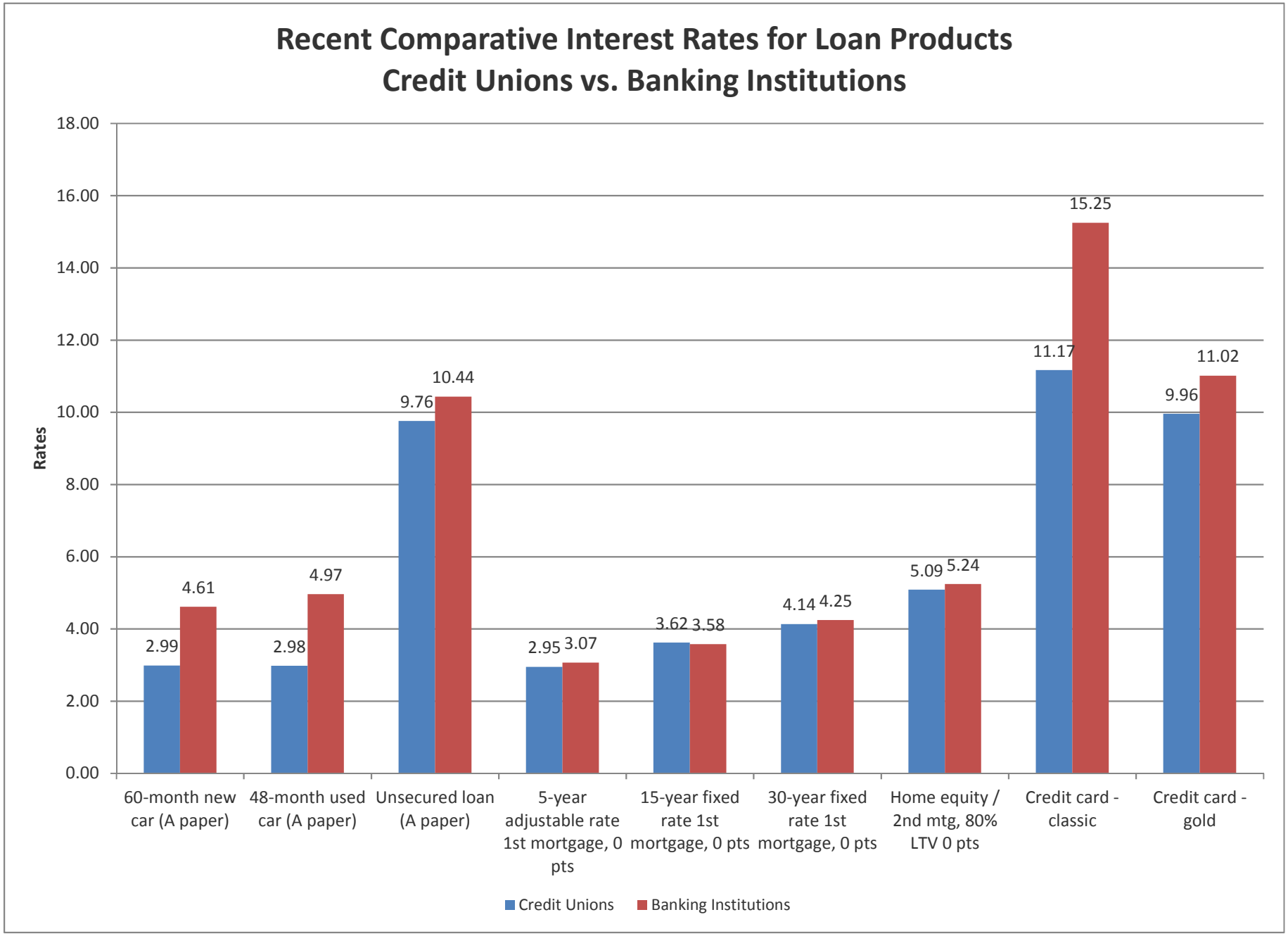
Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

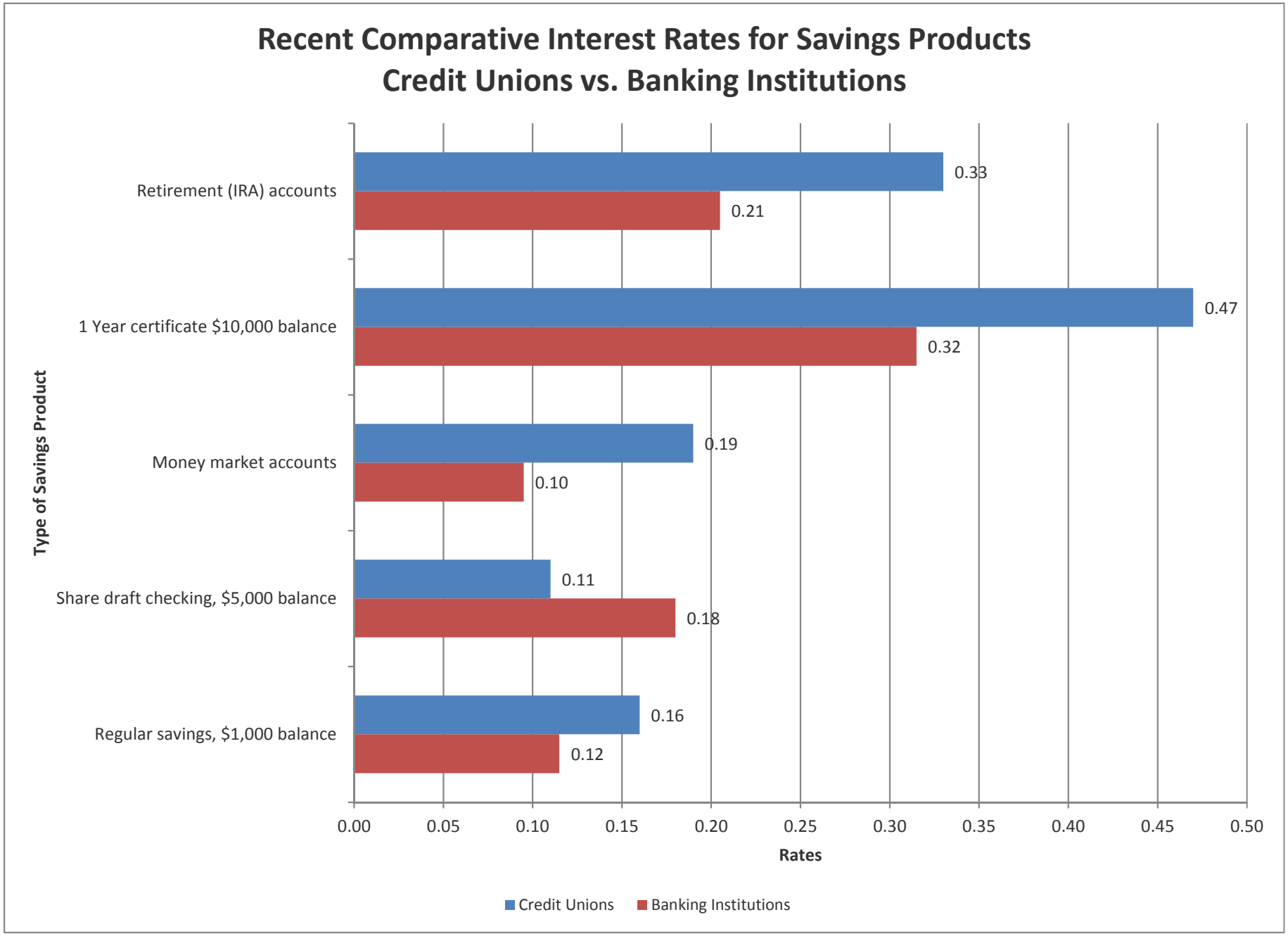
New Mexico credit unions excel in providing member benefits on many loan and saving products. In particular, New Mexico credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate, home equity loans, credit cards loans.

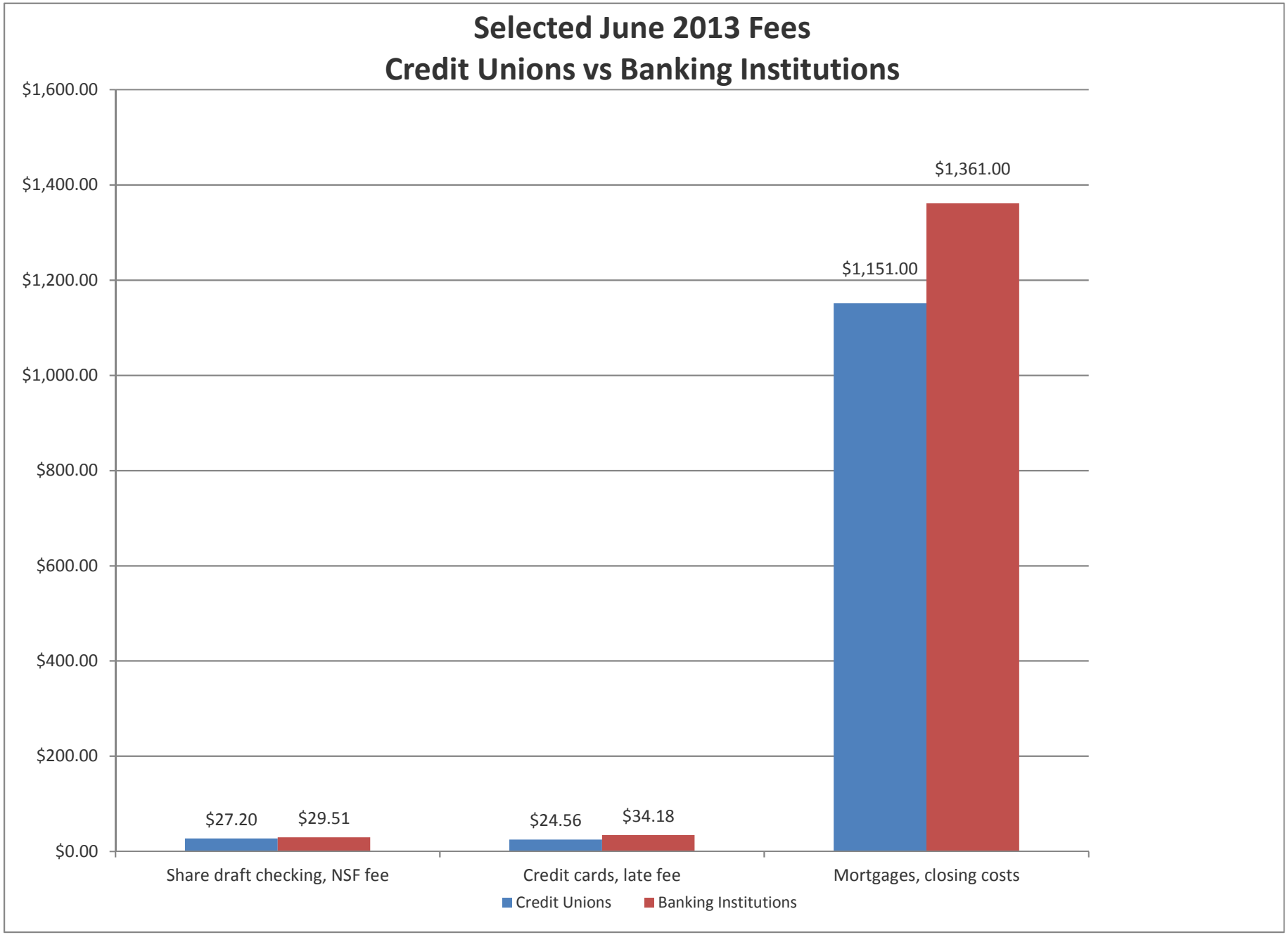
New Mexico credit unions also pay members higher average dividends on the following accounts: regular savings, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS

Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.


Recent Comparative Interest Rates for Loan Products
Credit Unions vs. Banking Institutions
Rates
18.00
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
2.99
4.61
2.98
4.97
9.76
10.44
2.95
3.07
3.62
3.58
4.14
4.25
5.09
5.24
11.17
15.25
9.96
11.02
60-month new car (A paper)
48-month used car (A paper)
Unsecured loan (A paper)
5-year adjustable rate 1st mortgage, 0 pts
15-year fixed rate 1st mortgage, 0 pts
30-year fixed rate 1st mortgage, 0 pts
Home equity / 2nd mtg, 80% LTV 0 pts
Credit card - classic
Credit card - gold
Credit Unions
Banking Institutions

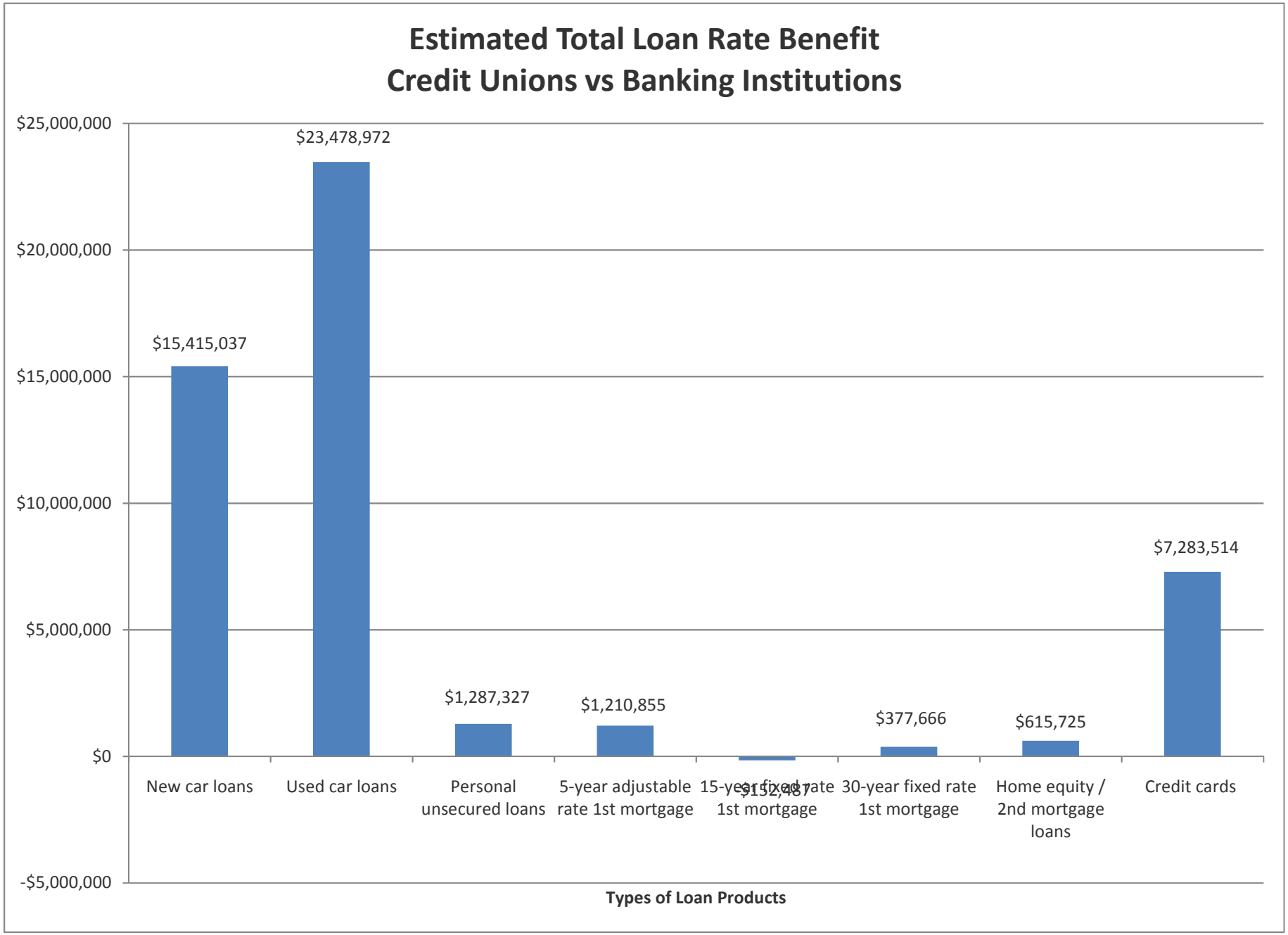

Recent Comparative Interest Rates for Savings Products
Credit Unions vs. Banking Institutions
Type of Savings Product
Retirement (IRA) accounts
1 Year certificate $10,000 balance
Money market accounts
Share draft checking, $5,000 balance
Regular savings, $1,000 balance
0.33
0.21
0.47
0.32
0.19
0.10
0.11
0.18
0.16
0.12
0.00
0.05
0.10
0.15
0.20
0.25
0.30
0.35
0.40
0.45
0.50
Rates
Credit Unions
Banking Institutions

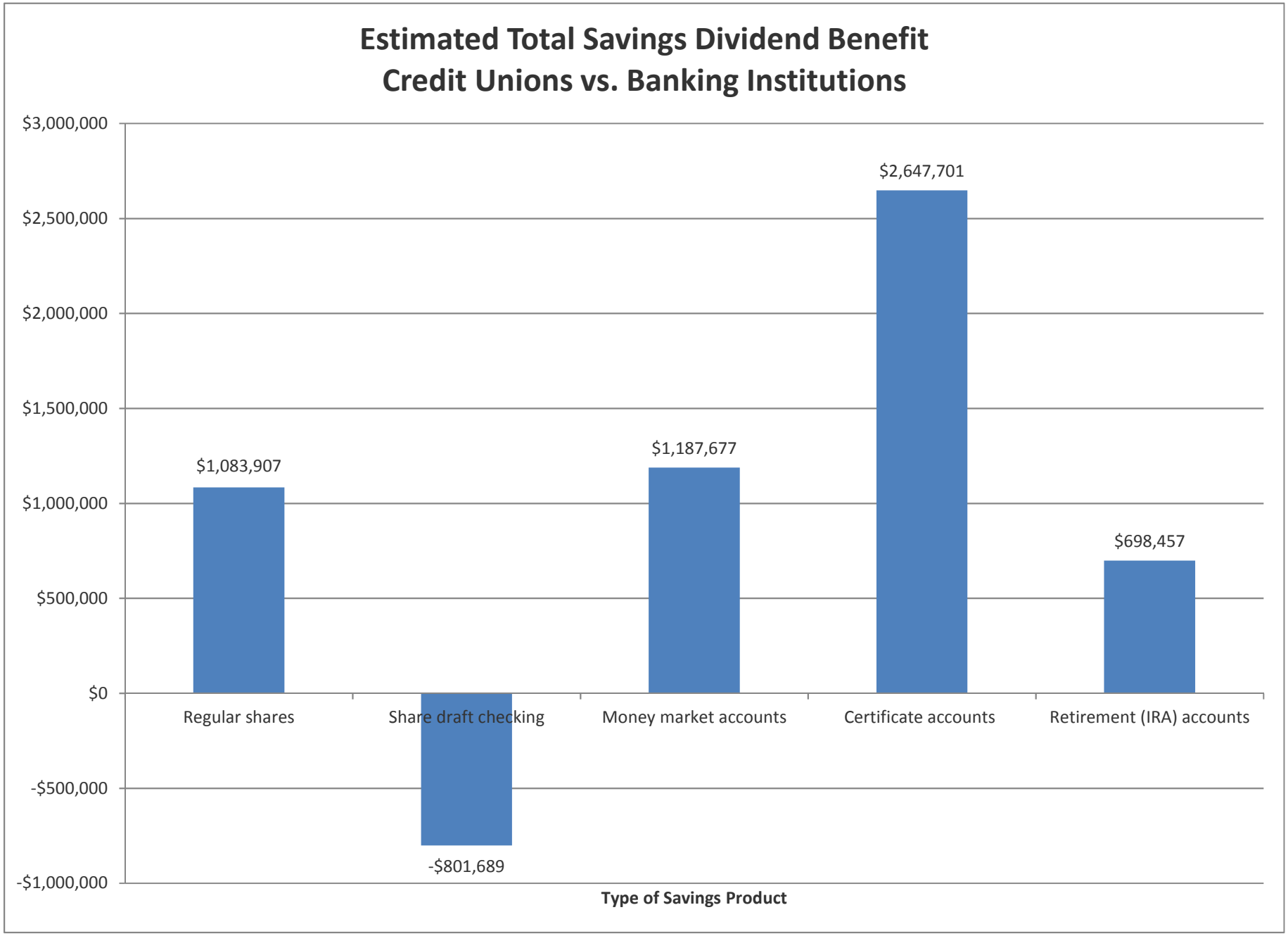

Selected June 2013 Fees
Credit Unions vs Banking Institutions
$1,600.00
$1,400.00
$1,200.00
$1,000.00
$800.00
$600.00
$400.00
$200.00
$0.00
$27.20
$29.51
$24.56
$34.18
$1,151.00
$1,361.00
Share draft checking, NSF fee
Credit cards, late fee
Mortgages, closing costs
Credit Unions
Banking Institutions

New Mexico
Credit Union and Banking Instituion
Mid-Year 2013 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.99	4.61	-1.63
48-month used car (A paper)	2.98	4.97	-1.99
Unsecured loan (A paper)	9.76	10.44	-0.68
5-year adjustable rate 1st mortgage, 0 pts	2.95	3.07	-0.12
15-year fixed rate 1st mortgage, 0 pts	3.62	3.58	0.04
30-year fixed rate 1st mortgage, 0 pts	4.14	4.25	-0.11
Home equity / 2nd mtg, 80% LTV 0 pts	5.09	5.24	-0.16
Credit card - classic	11.17	15.25	-4.08
Credit card - gold	9.96	11.02	-1.06
Savings Products			
Regular savings, $1,000 balance	0.16	0.12	0.05
Share draft checking, $5,000 balance	0.11	0.18	-0.07
Money market accounts	0.19	0.10	0.10
1 Year certificate $10,000 balance	0.47	0.32	0.16
Retirement (IRA) accounts	0.33	0.21	0.13
Fee Income			
Share draft checking, NSF fee	$27.20	$29.51	-$2.31
Credit cards, late fee	$24.56	$34.18	-$9.62
Mortgages, closing costs	$1,151.00	$1,361.00	-$210.00

Source: Datatrac


Estimated Total Loan Rate Benefit
Credit Unions vs Banking Institutions
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
-$5,000,000
$15,415,037
$23,478,972
$1,287,327
$1,210,855
-$152,487
$377,666
$615,725
$7,283,514
New car loans
Used car loans
Personal unsecured loans
5-year adjustable rate 1st mortgage
15-year fixed rate 1st mortgage
30-year fixed rate 1st mortgage
Home equity / 2nd mortgage loans
Credit cards
Types of Loan Products


Estimated Total Savings Dividend Benefit
Credit Unions vs. Banking Institutions
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
-$500,000
-$1,000,000
$1,083,907
-$801,689
$1,187,677
$2,647,701
$698,457
Regular shares
Share draft checking
Money market accounts
Certificate accounts
Retirement (IRA) accounts
Type of Savings Product

Estimated New Mexico Credit Unions Financial Benefits

Mid-Year 2013

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. New Mexico Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	948,617,636	-1.63	$15,415,037
Used car loans	1,182,819,768	-1.99	$23,478,972
Personal unsecured loans	190,715,161	-0.68	$1,287,327
5-year adjustable rate 1st mortgage	1,052,917,581	-0.12	$1,210,855
15-year fixed rate 1st mortgage	381,218,173	0.04	-$152,487
30-year fixed rate 1st mortgage	343,333,015	-0.11	$377,666
Home equity / 2nd mortgage loans	397,242,243	-0.16	$615,725
Credit cards	219,135,421	-4.08	$7,283,514
Interest rebates in period			$0
Total CU member benefits arising from lower interest rates on loan products:			$49,516,610
Savings			
Regular shares	2,408,682,651	0.05	$1,083,907
Share draft checking	1,145,269,477	-0.07	-$801,689
Money market accounts	1,250,186,682	0.10	$1,187,677
Certificate accounts	1,708,194,157	0.16	$2,647,701
Retirement (IRA) accounts	558,765,281	0.13	$698,457
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$4,816,053
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$8,914,934
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$63,247,597
Total CU member benefit / member:			$89
Total CU member benefit / member household:			$169

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2012 and September 2011, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

New Mexico
Performance Profile

Demographic Information	Jun 13	Jun 12
Number of branches	138	140
Total assets ($ mil)	8,317	7,795
Total loans ($ mil)	5,097	4,807
Total surplus funds ($ mil)	2,868	2,649
Total savings ($ mil)	7,354	6,908
Total members (thousands)	729	701
Growth Rates (Trailing 12 months) *		
Total assets	6.7 %	9.3 %
Total loans	6.0 %	8.4 %
Total surplus funds	8.3 %	11.7 %
Total savings	6.5 %	9.3 %
Total members	4.0 %	3.7 %
Earnings - Basis Pts. *		
Yield on total assets	345	375
Dividend/interest cost of assets	53	64
Fee & other income	132	133
Operating expense	305	315
Loss Provisions	29	28
Net Income (ROA) after stabilization exp	90	101
Capital adequancy		
Net worth / assets	10.5	10.3
Asset quality *		
Delinquencies / loans	0.7	0.7
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	12	13
Bankruptcies per 1000 members	0.8	0.9
Asset/Liability Management		
Loans / savings	69.3	69.6
Loans / assets	61.3	61.7
Long-term assets / assets	33.2	30.2
Core deposits/shares & borrowings	51.0	49.1
Productivity		
Members/potentional members	15.9	18.8
Borrowers/members	52.9	50.7
Members/FTE	335	333
Average shares/members ($)	10,086	9,854
Average loan balances ($)	13,222	13,529
Salary & Benefits/FTE	59,480	58,198

*** Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.**