

The Benefits of Membership

Customized Analysis of Member Benefits For:

Hawaii

December 2011

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Hawaii

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 Hawaii credit unions provided \$66,772,708 in direct financial benefits to the state's 808,120 members during the twelve months ending December 2011.

These benefits are equivalent to \$83 per member or \$157 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 Hawaii 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 Hawaii credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Hawaii credit union will save members an average \$185 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.

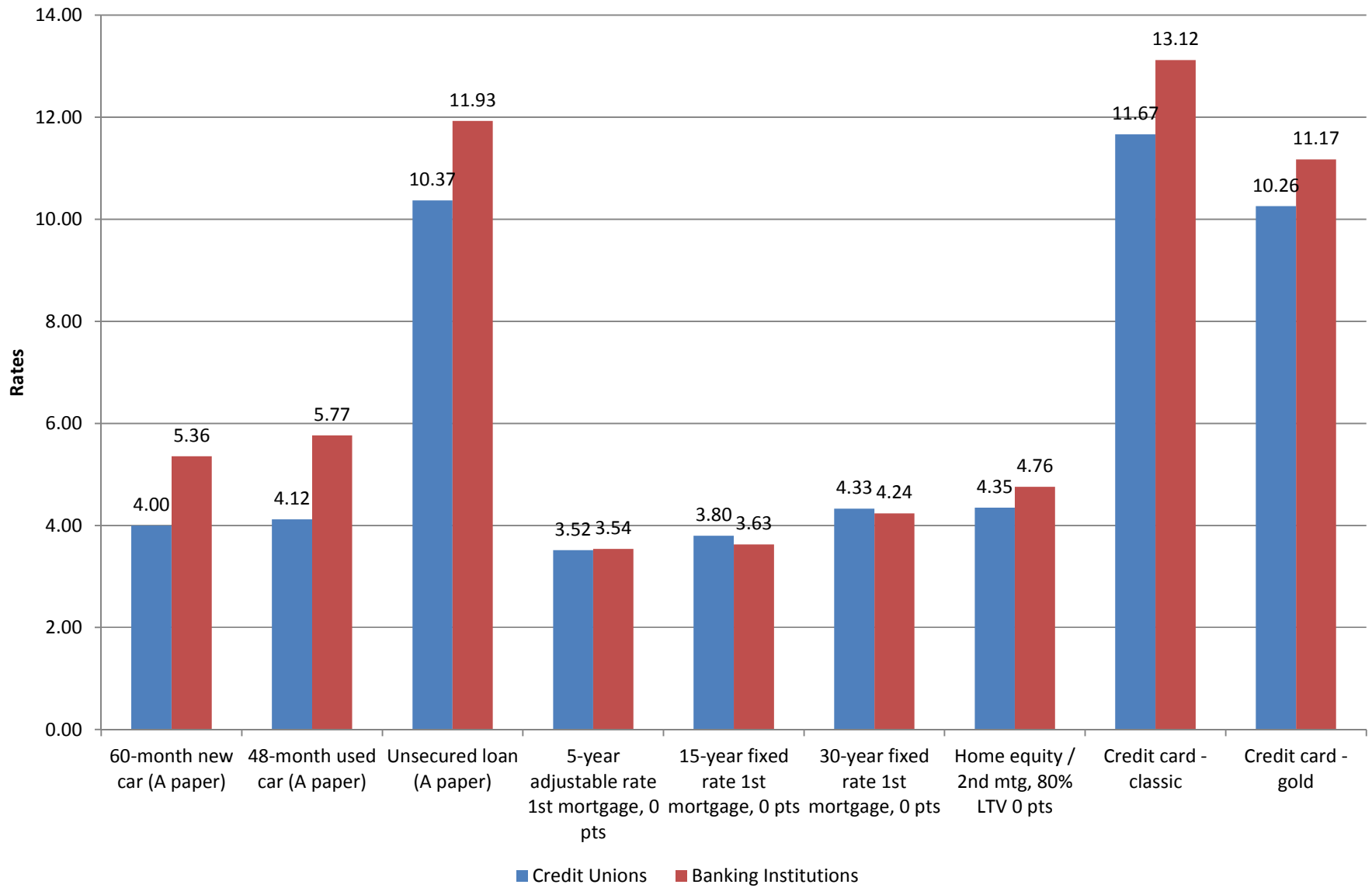
Hawaii credit unions excel in providing member benefits on many loan and saving products. In particular, Hawaii credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-adjustable rate, home equity loans, credit cards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

Hawaii credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

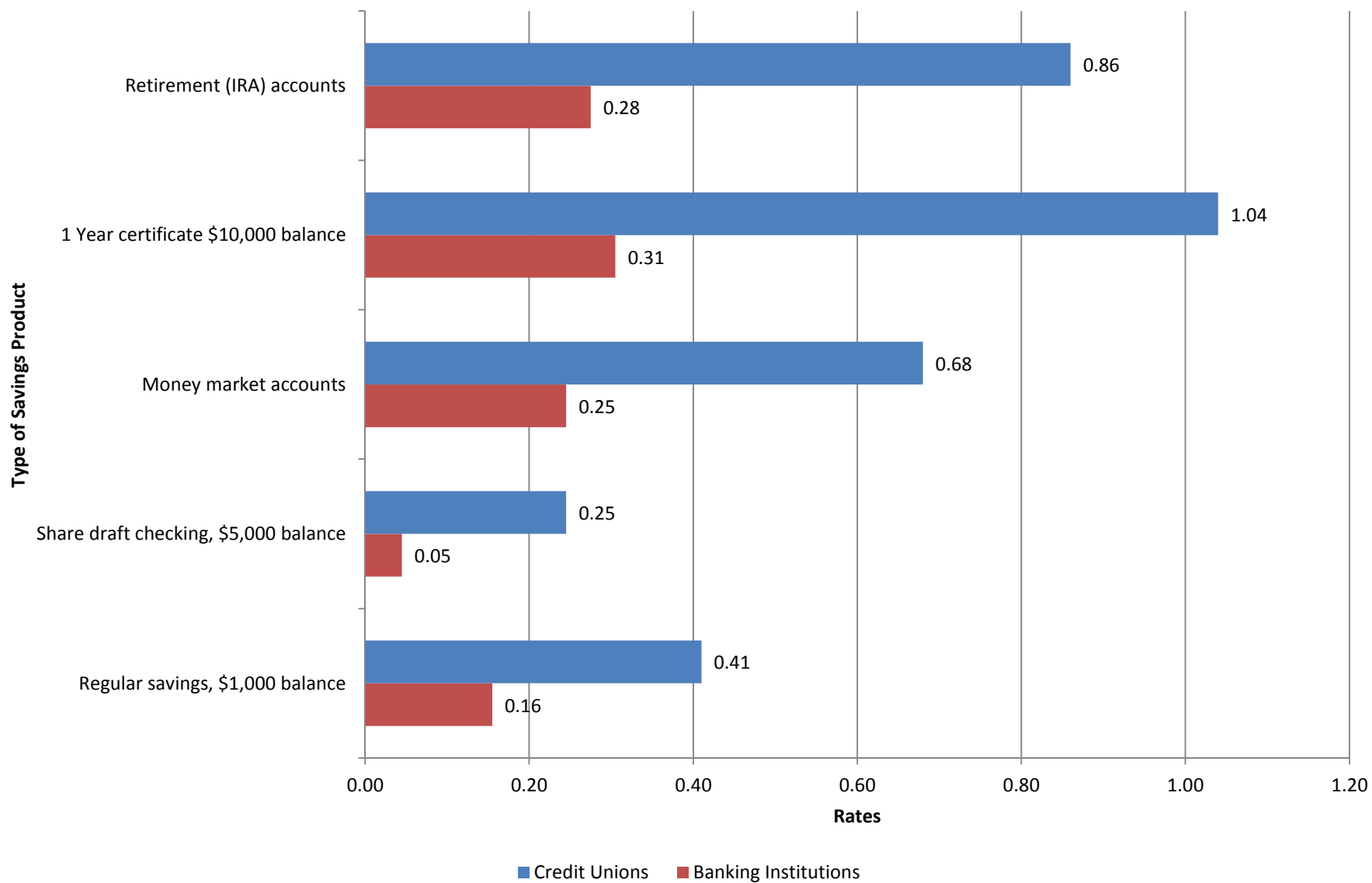


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



Recent Comparative Interest Rates for Savings Products Credit Unions vs. Banking Institutions



Selected December 2011 Fees Credit Unions vs Banking Institutions

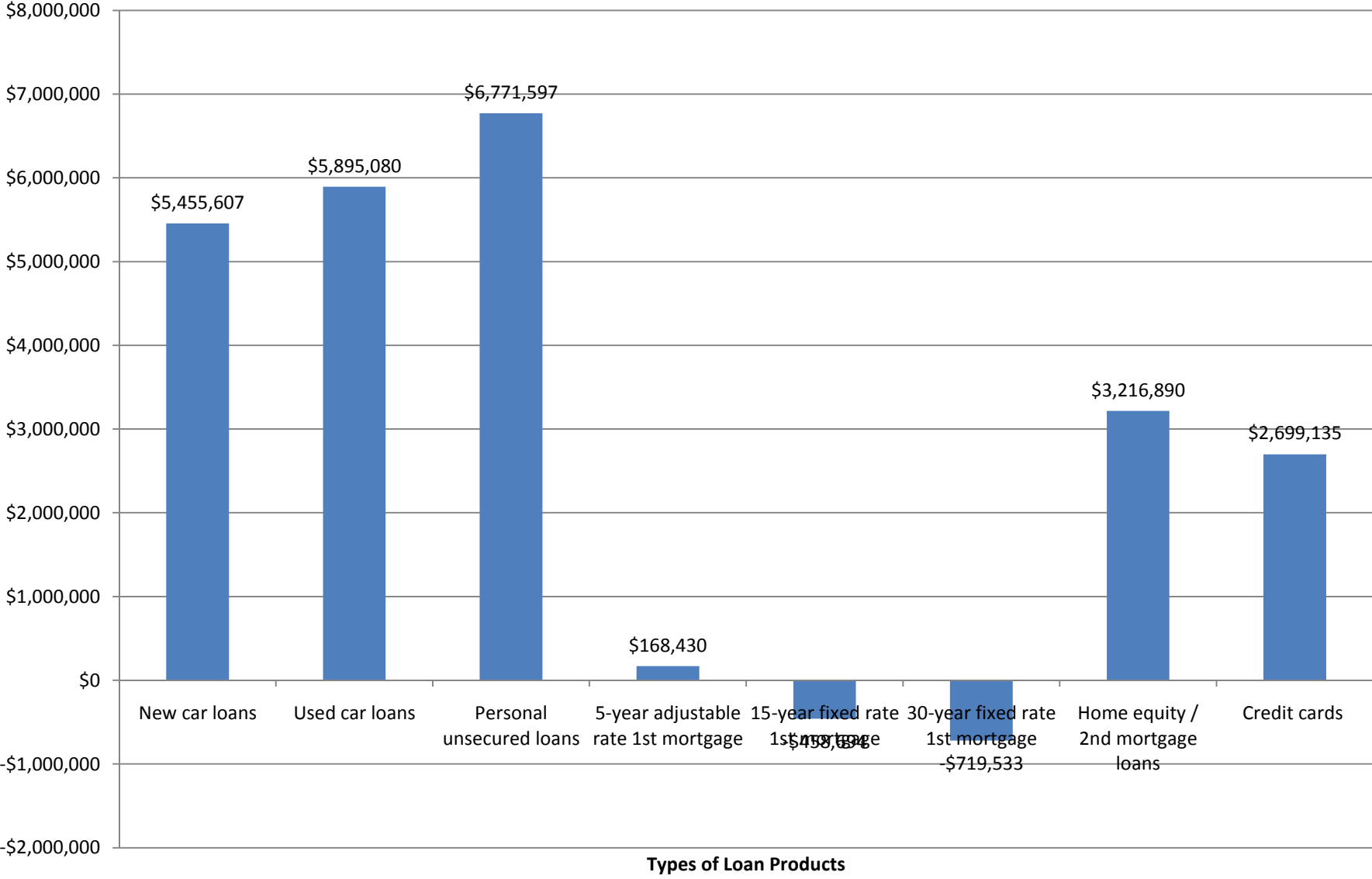


Hawaii
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

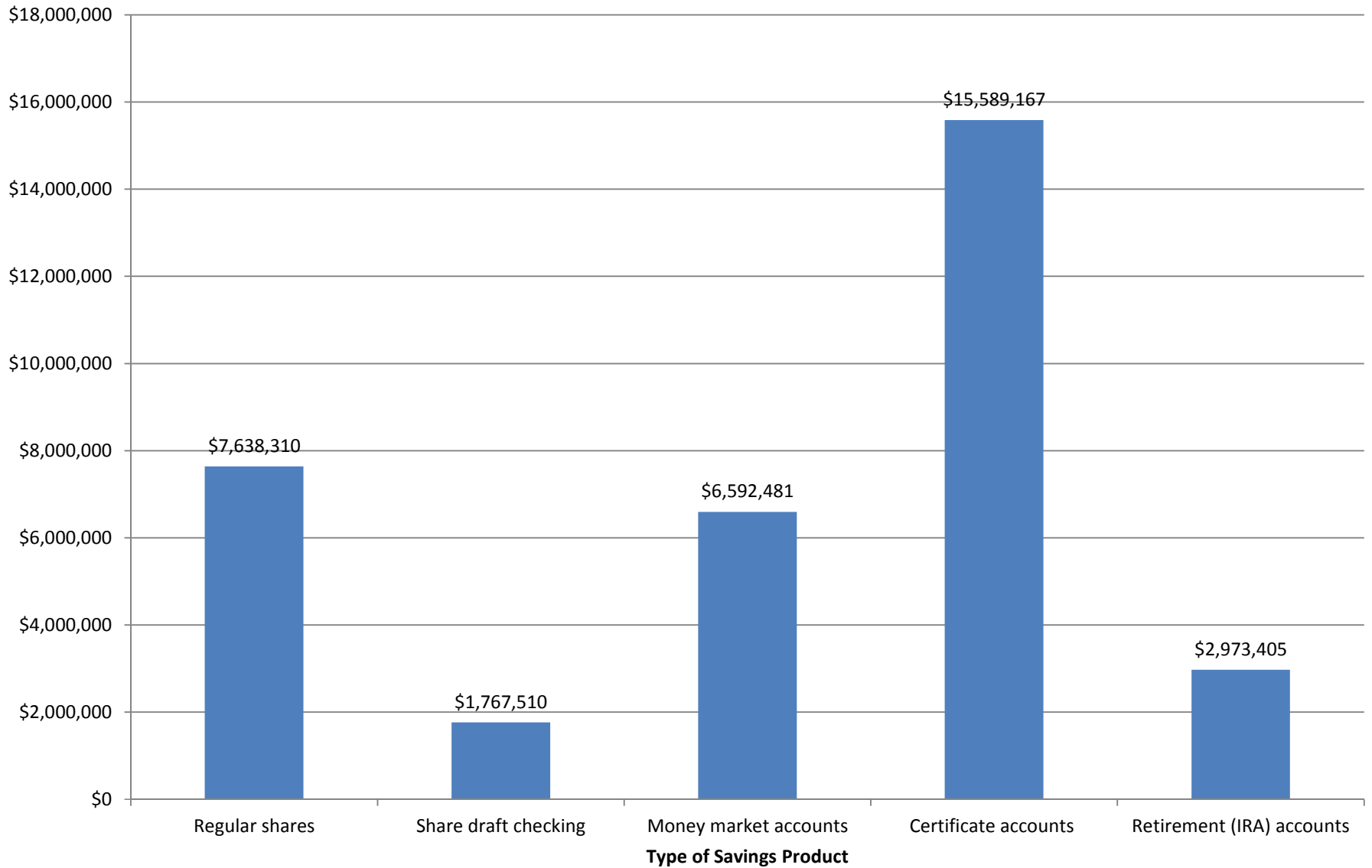
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.00	5.36	-1.36
48-month used car (A paper)	4.12	5.77	-1.65
Unsecured loan (A paper)	10.37	11.93	-1.56
5-year adjustable rate 1st mortgage, 0 pts	3.52	3.54	-0.02
15-year fixed rate 1st mortgage, 0 pts	3.80	3.63	0.17
30-year fixed rate 1st mortgage, 0 pts	4.33	4.24	0.10
Home equity / 2nd mtg, 80% LTV 0 pts	4.35	4.76	-0.41
Credit card - classic	11.67	13.12	-1.46
Credit card - gold	10.26	11.17	-0.92
Savings Products			
Regular savings, \$1,000 balance	0.41	0.16	0.26
Share draft checking, \$5,000 balance	0.25	0.05	0.20
Money market accounts	0.68	0.25	0.44
1 Year certificate \$10,000 balance	1.04	0.31	0.74
Retirement (IRA) accounts	0.86	0.28	0.59
Fee Income			
Share draft checking, NSF fee	\$25.00	\$30.00	-\$5.00
Credit cards, late fee	\$20.00	\$35.00	-\$15.00
Mortgages, closing costs	\$2,280.00	\$2,309.00	-\$29.00

Source: Datatrac

Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



Estimated Hawaii Credit Unions Financial Benefits Year-end 2011

Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Hawaii Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	402,627,851	-1.36	\$5,455,607
Used car loans	358,363,535	-1.65	\$5,895,080
Personal unsecured loans	435,472,485	-1.56	\$6,771,597
5-year adjustable rate 1st mortgage	673,718,540	-0.02	\$168,430
15-year fixed rate 1st mortgage	269,819,766	0.17	-\$458,694
30-year fixed rate 1st mortgage	757,402,746	0.10	-\$719,533
Home equity / 2nd mortgage loans	794,293,866	-0.41	\$3,216,890
Credit cards	204,479,933	-1.46	\$2,699,135
Interest rebates in period			\$204,252
Total CU member benefits arising from lower interest rates on loan products:			\$23,232,765

Savings

Regular shares	2,995,415,844	0.26	\$7,638,310
Share draft checking	883,755,249	0.20	\$1,767,510
Money market accounts	1,515,512,867	0.44	\$6,592,481
Certificate accounts	2,120,975,115	0.74	\$15,589,167
Retirement (IRA) accounts	508,274,340	0.59	\$2,973,405
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$34,560,874

Fee Income

Total CU member benefit arising from fewer/lower fees:	\$8,979,069
Total CU member benefit arising from interest rates on loan and savings products and lower fees:	\$66,772,708
Total CU member benefit / member:	\$83
Total CU member benefit / member household:	\$157

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2011 and September 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Hawaii
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	193	193
Total assets (\$ mil)	9,660	9,419
Total loans (\$ mil)	4,260	4,303
Total surplus funds (\$ mil)	5,020	4,754
Total savings (\$ mil)	8,530	8,308
Total members (thousands)	872	866
Growth Rates (Trailing 12 months) *		
Total assets	2.6 %	3.7 %
Total loans	-1.0 %	-0.8 %
Total surplus funds	5.6 %	7.4 %
Total savings	2.7 %	6.3 %
Total members	0.7 %	0.5 %
Earnings - Basis Pts. *		
Yield on total assets	367	405
Dividend/interest cost of assets	74	110
Fee & other income	86	81
Operating expense	303	301
Loss Provisions	45	46
Net Income (ROA) after stabilization exp	30	29
Capital adequacy		
Net worth / assets	10.5	10.4
Asset quality *		
Delinquencies / loans	1.6	1.6
Net chargeoffs / average loans	0.8	0.9
Total borrower-bankruptcies	10	10
Bankruptcies per 1000 members	0.9	1.0
Asset/Liability Management		
Loans / savings	49.9	51.8
Loans / assets	44.1	45.7
Long-term assets / assets	34.4	34.5
Core deposits/shares & borrowings	49.1	46.1
Productivity		
Members/potential members	11.1	12.9
Borrowers/members	34.4	35.0
Members/FTE	394	392
Average shares/members (\$)	9,783	9,590
Average loan balances (\$)	14,190	14,174
Salary & Benefits/FTE	58,768	57,183

* 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.