

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**New Hampshire**

***June 2011***

*Prepared by:*

***Credit Union National Association  
Economics and Statistics Department***



# ***New Hampshire***

## ***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 Hampshire credit unions provided \$74,740,962 in direct financial benefits to the state's 473,496 members during the twelve months ending June 2011.

**These benefits are equivalent to \$158 per member or \$300 per member household <sup>(1)</sup>.**

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 Hampshire 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 Hampshire credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a New Hampshire credit union will save members an average \$324 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 Hampshire credit unions excel in providing member benefits on many loan and saving products. In particular, New Hampshire 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.

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

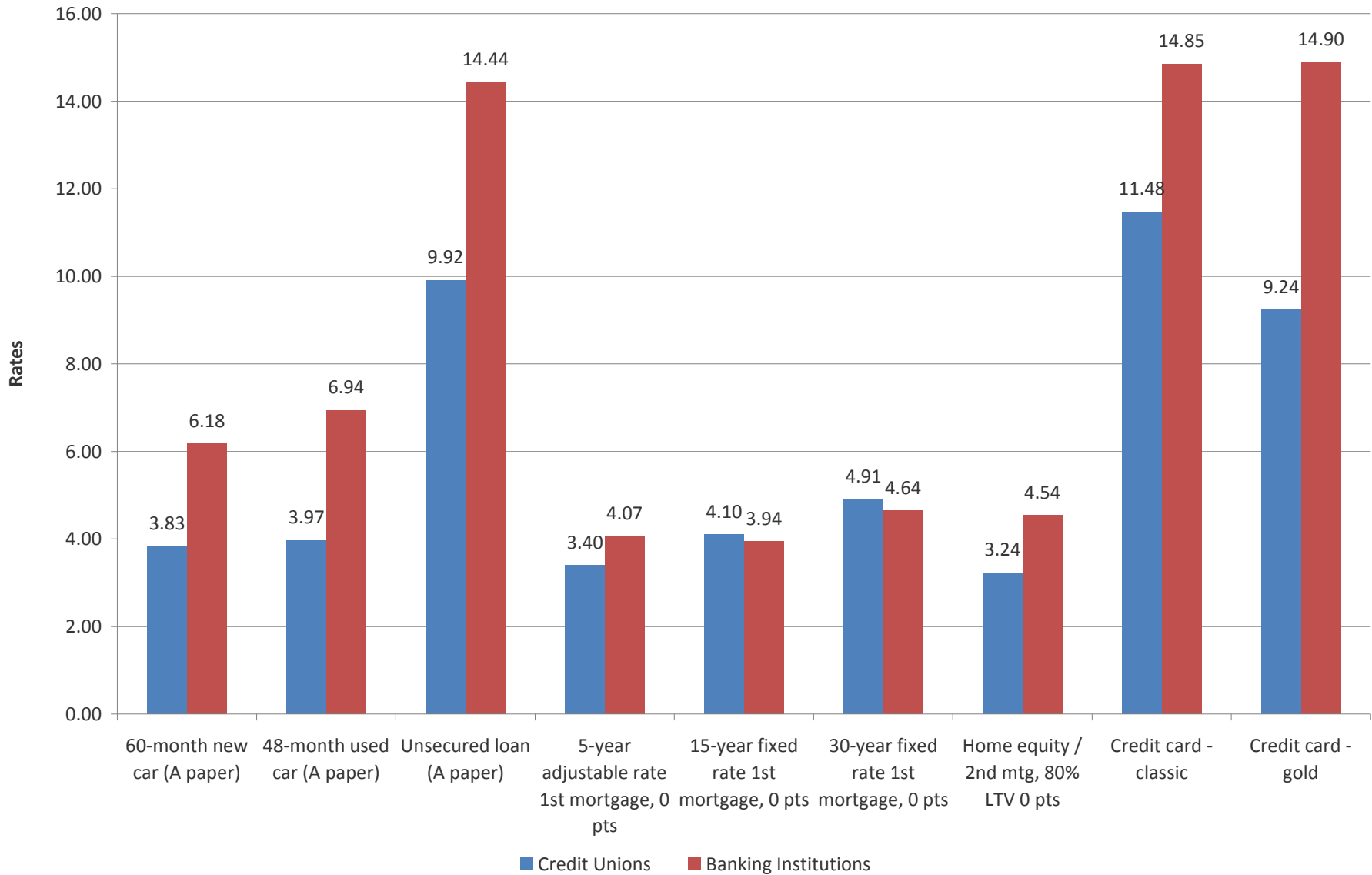


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Source: Datatrac, NCUA, and CUNA.

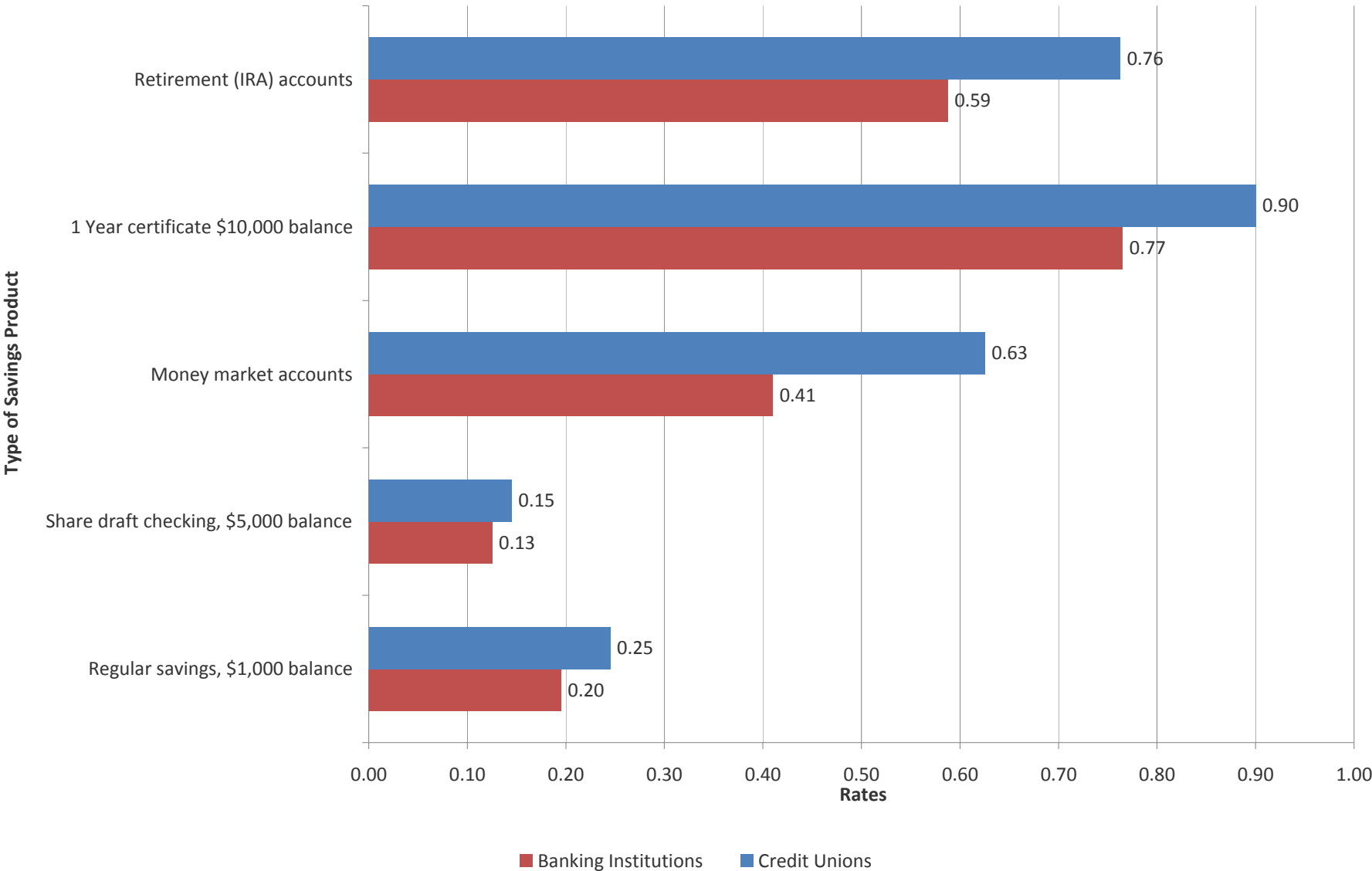
(1) Assumes 1.9 credit union members per household.

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

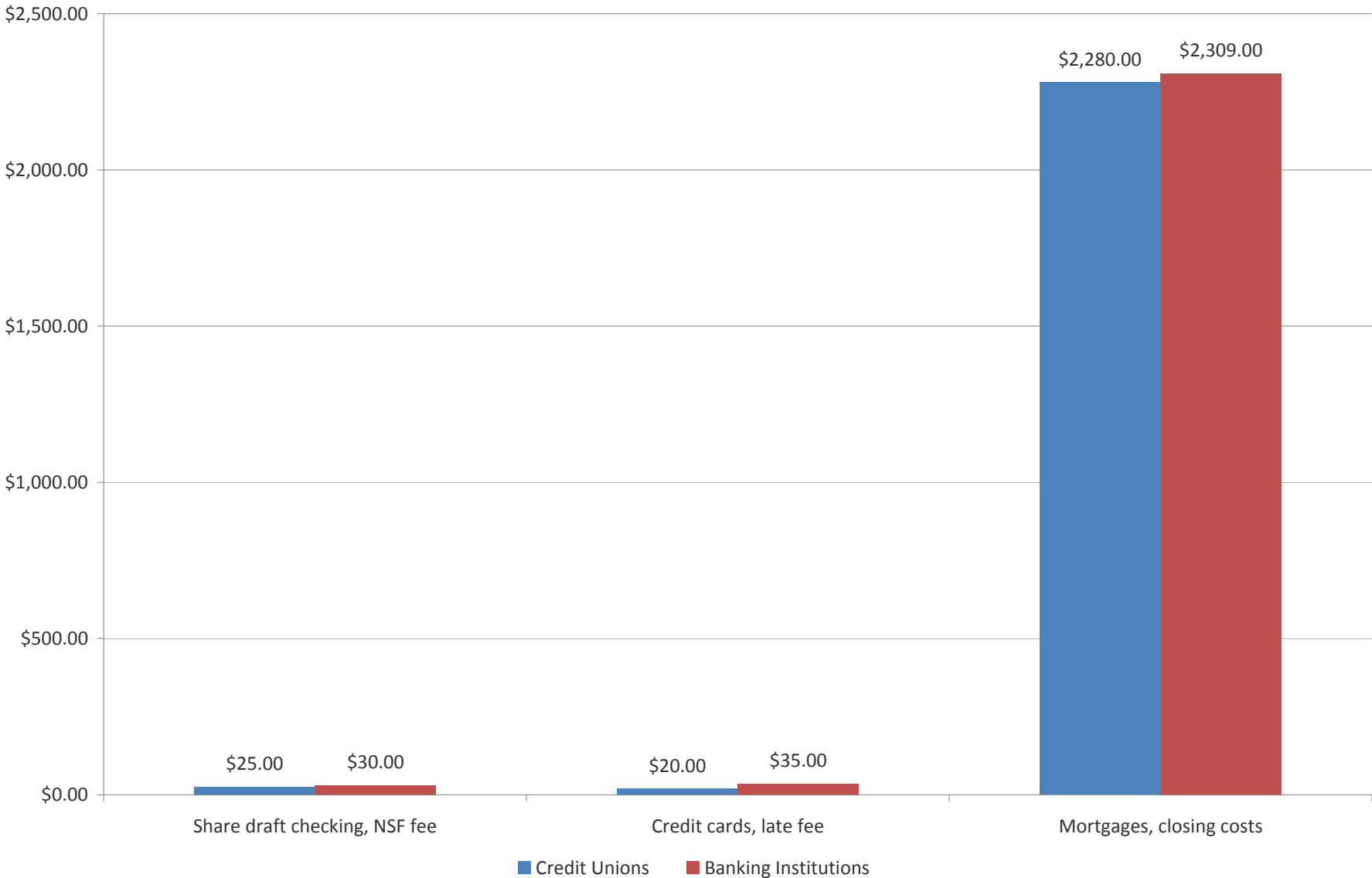


# Recent Comparative Interest Rates for Savings Products

## Credit Unions vs. Banking Institutions



# Selected June 2011 Fees Credit Unions vs Banking Institutions

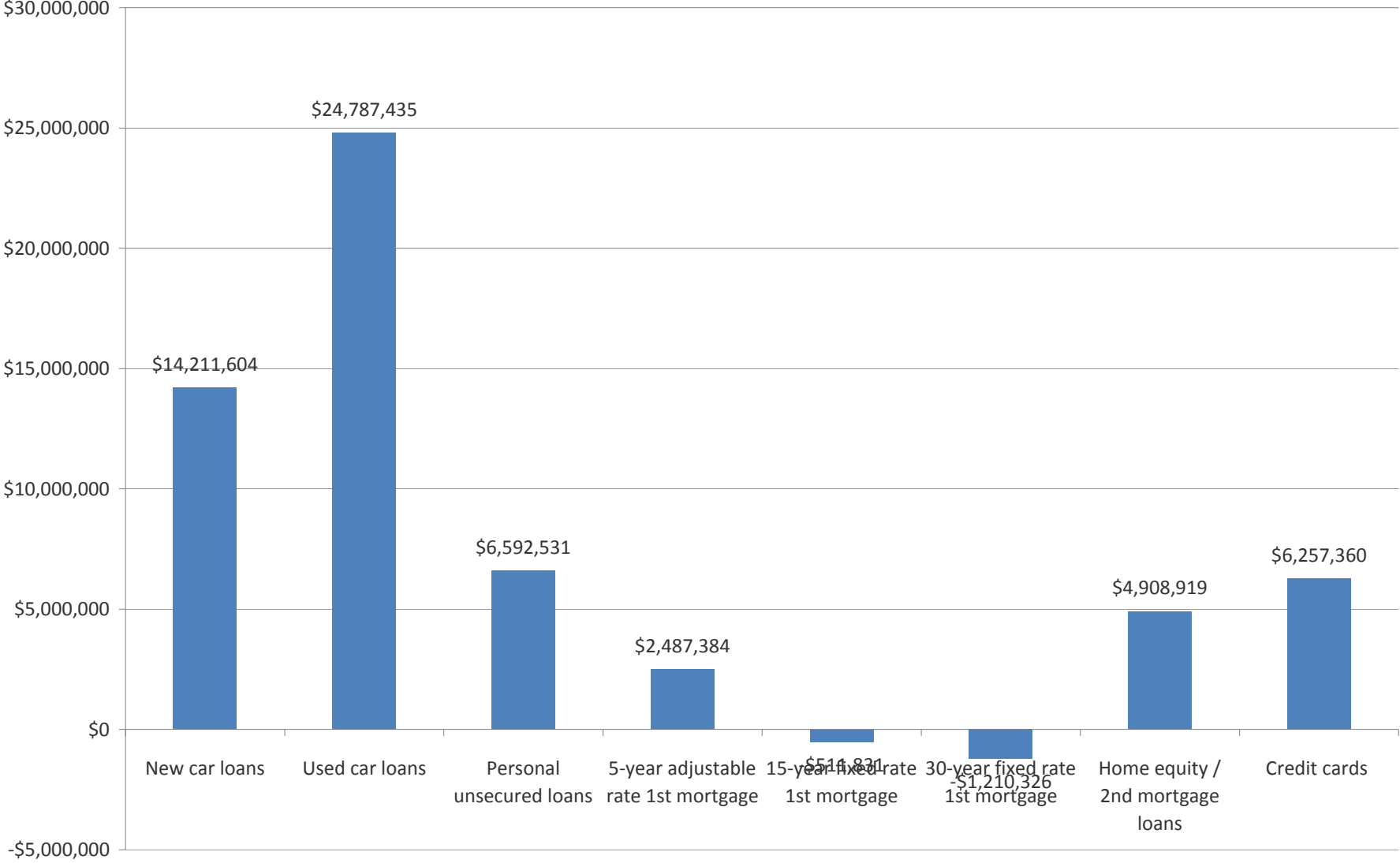


**New Hampshire**  
**Credit Union and Banking Instituion**  
**Mid-Year 2011 Average Interest Rates and Fees**

<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	3.83	6.18	-2.36
48-month used car (A paper)	3.97	6.94	-2.97
Unsecured loan (A paper)	9.92	14.44	-4.52
5-year adjustable rate 1st mortgage, 0 pts	3.40	4.07	-0.67
15-year fixed rate 1st mortgage, 0 pts	4.10	3.94	0.16
30-year fixed rate 1st mortgage, 0 pts	4.91	4.64	0.27
Home equity / 2nd mtg, 80% LTV 0 pts	3.24	4.54	-1.31
Credit card - classic	11.48	14.85	-3.38
Credit card - gold	9.24	14.90	-5.66
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.25	0.20	0.05
Share draft checking, \$5,000 balance	0.15	0.13	0.02
Money market accounts	0.63	0.41	0.22
1 Year certificate \$10,000 balance	0.90	0.77	0.14
Retirement (IRA) accounts	0.76	0.59	0.18
<b>Fee Income</b>			
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

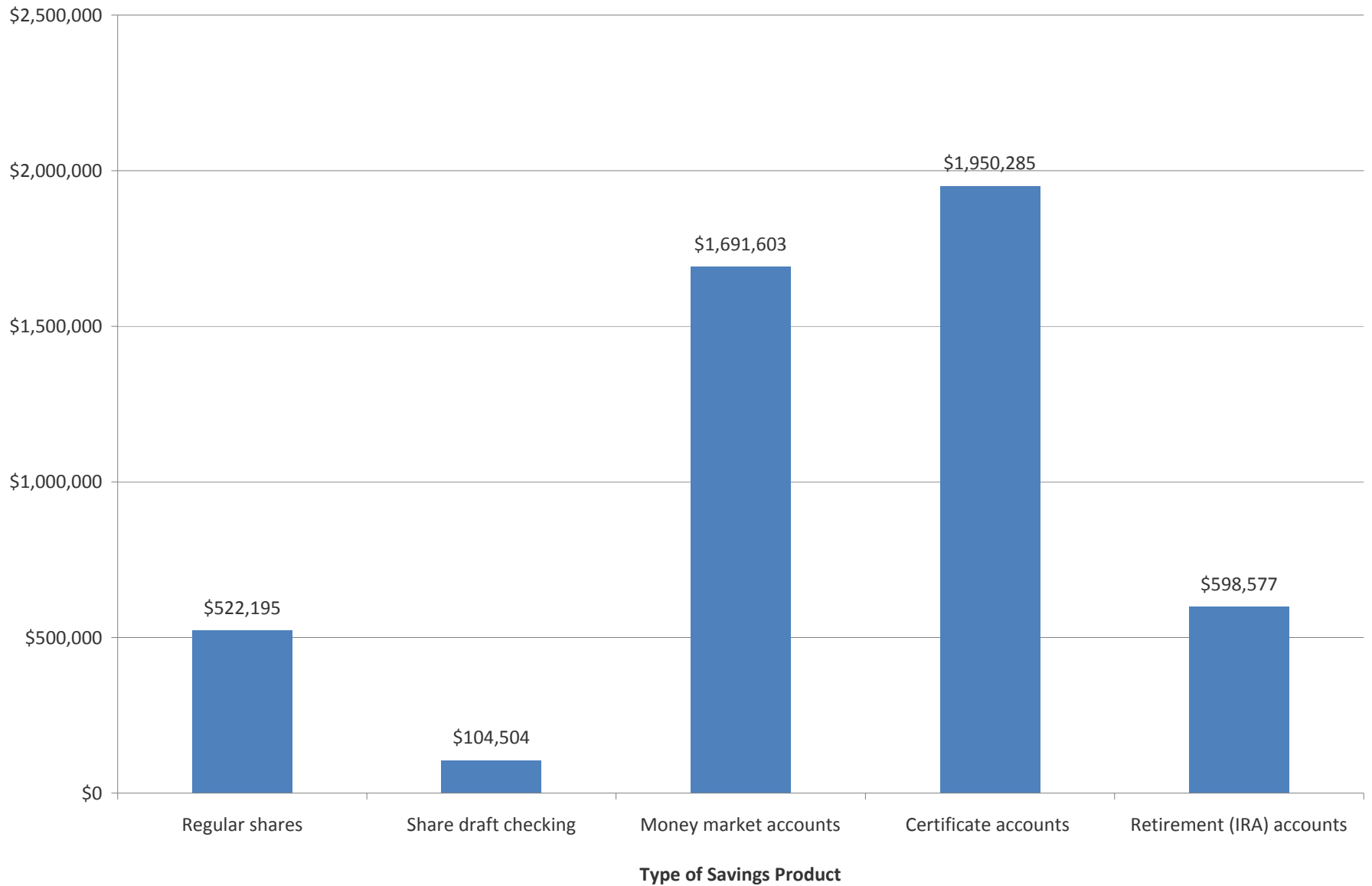
Source: Datatrac

# Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Types of Loan Products

## Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



## Estimated New Hampshire Credit Unions Financial Benefits Mid-Year 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. New Hampshire Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	603,465,149	-2.36	\$14,211,604
Used car loans	834,593,777	-2.97	\$24,787,435
Personal unsecured loans	145,852,454	-4.52	\$6,592,531
5-year adjustable rate 1st mortgage	374,042,723	-0.67	\$2,487,384
15-year fixed rate 1st mortgage	319,894,105	0.16	-\$511,831
30-year fixed rate 1st mortgage	448,268,844	0.27	-\$1,210,326
Home equity / 2nd mortgage loans	376,162,374	-1.31	\$4,908,919
Credit cards	158,564,719	-3.38	\$6,257,360
Interest rebates in period			\$125,702
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$57,648,779</b>
 <u>Savings</u>			
Regular shares	1,044,390,040	0.05	\$522,195
Share draft checking	522,518,528	0.02	\$104,504
Money market accounts	786,792,070	0.22	\$1,691,603
Certificate accounts	1,444,655,306	0.14	\$1,950,285
Retirement (IRA) accounts	342,044,159	0.18	\$598,577
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$4,867,164</b>
 <u>Fee Income</u>			
<b>Total CU member benefit arising from fewer/lower fees:</b>			<b>\$12,225,019</b>
 <b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b>			<b>\$74,740,962</b>
 <b>Total CU member benefit / member:</b>			<b>\$158</b>
<b>Total CU member benefit / member household:</b>			<b>\$300</b>

Source: Datatrac, NCUA, and CUNA

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

**New Hampshire  
Performance Profile**

<b>Demographic Information</b>	<b>June 11</b>	<b>June 10</b>
Number of branches	98	101
Total assets (\$ mil)	5,224	4,971
Total loans (\$ mil)	3,483	3,234
Total surplus funds (\$ mil)	1,452	1,467
Total savings (\$ mil)	4,275	4,054
Total members (thousands)	486	464
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	5.1 %	11.6 %
Total loans	7.7 %	6.9 %
Total surplus funds	-1.0 %	24.6 %
Total savings	5.4 %	13.8 %
Total members	4.7 %	5.3 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	414	453
Dividend/interest cost of assets	106	137
Fee & other income	173	144
Operating expense	345	320
Loss Provisions	31	55
Net Income (ROA) after stabilization exp	105	65
<b>Capital adequacy</b>		
Net worth / assets	10.6	10.1
<b>Asset quality *</b>		
Delinquencies / loans	0.4	0.5
Net chargeoffs / average loans	0.5	0.7
Total borrower-bankruptcies	1,460	1,608
Bankruptcies per 1000 members	3.0	3.5
<b>Asset/Liability Management</b>		
Loans / savings	81.5	79.8
Loans / assets	66.7	65.1
Long-term assets / assets	27.7	28.5
Core deposits/shares & borrowings	36.7	33.8
<b>Productivity</b>		
Members/potential members	5.5	5.3
Borrowers/members	53.3	52.7
Members/FTE	347	347
Average shares/members (\$)	8,795	8,733
Average loan balances (\$)	13,436	13,211
Salary & Benefits/FTE	64,790	62,306

\* 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.