

The Benefits of Membership

Customized Analysis of Member Benefits For:

Vermont

December 2011

Prepared by:

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Vermont

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 Vermont credit unions provided \$29,005,633 in direct financial benefits to the state's 305,846 members during the twelve months ending December 2011.

These benefits are equivalent to \$95 per member or \$180 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 Vermont 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 Vermont credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Vermont credit union will save members an average \$178 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.

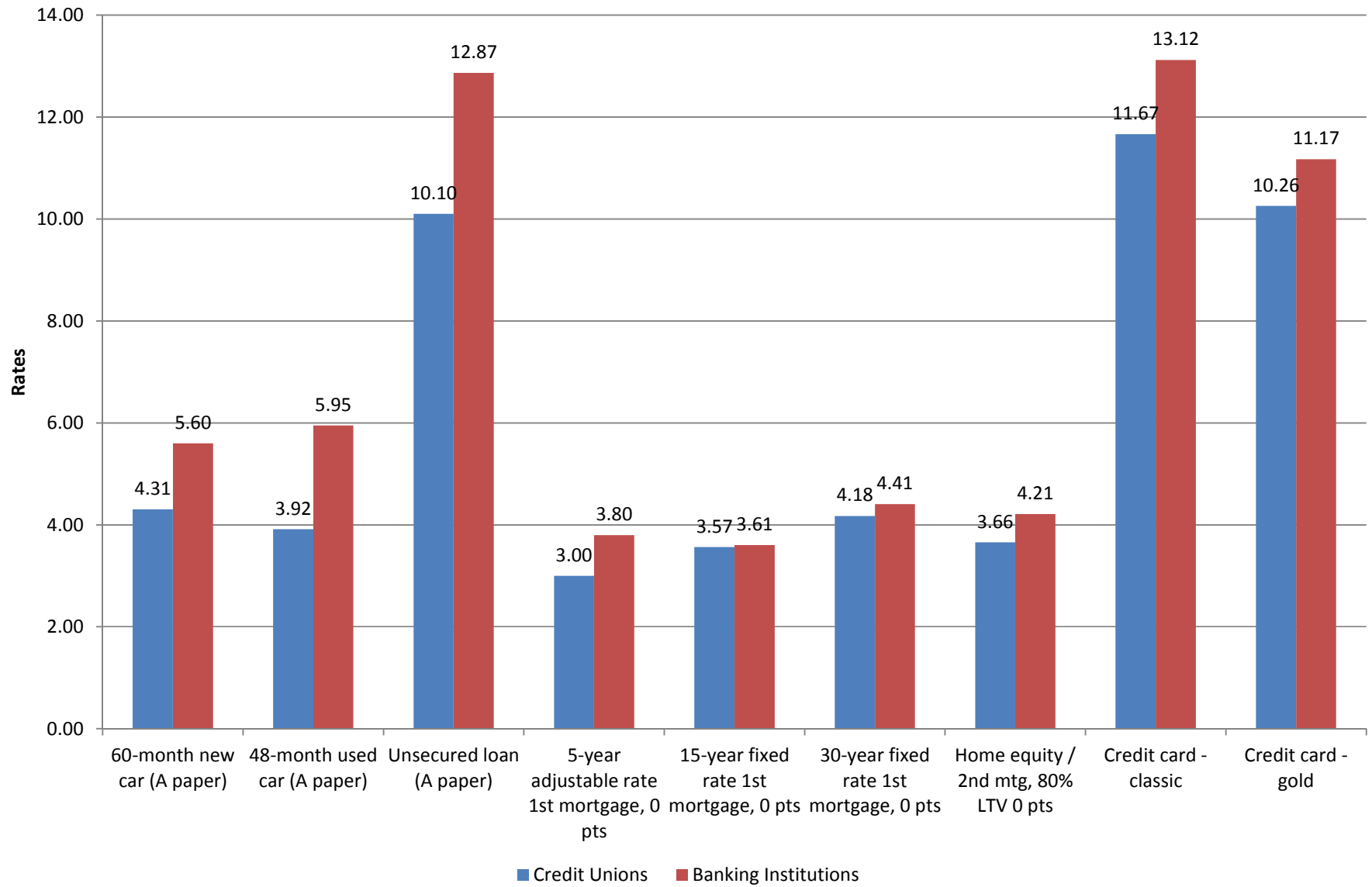
Vermont credit unions excel in providing member benefits on many loan and saving products. In particular, Vermont credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate,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

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

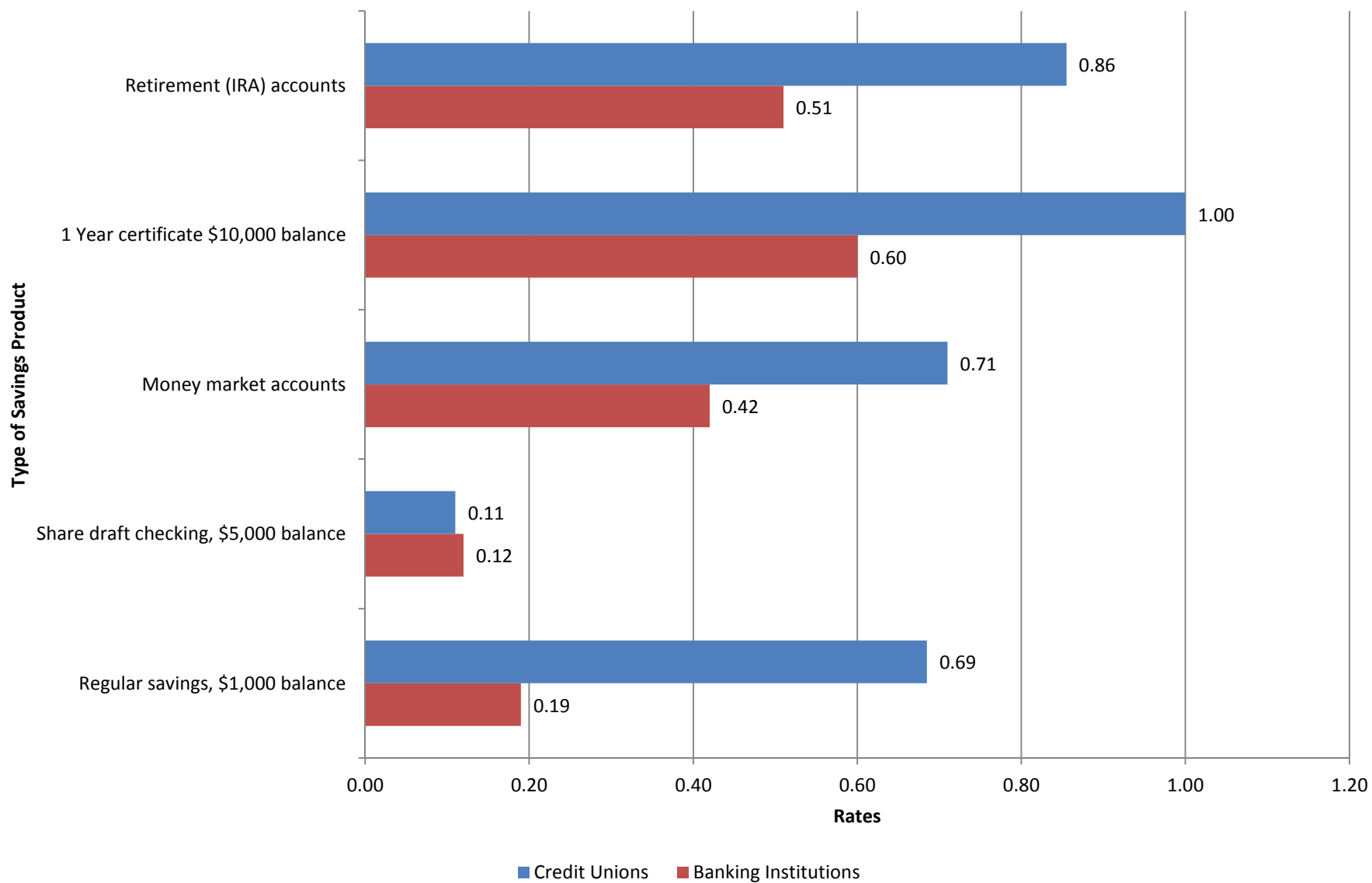


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

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

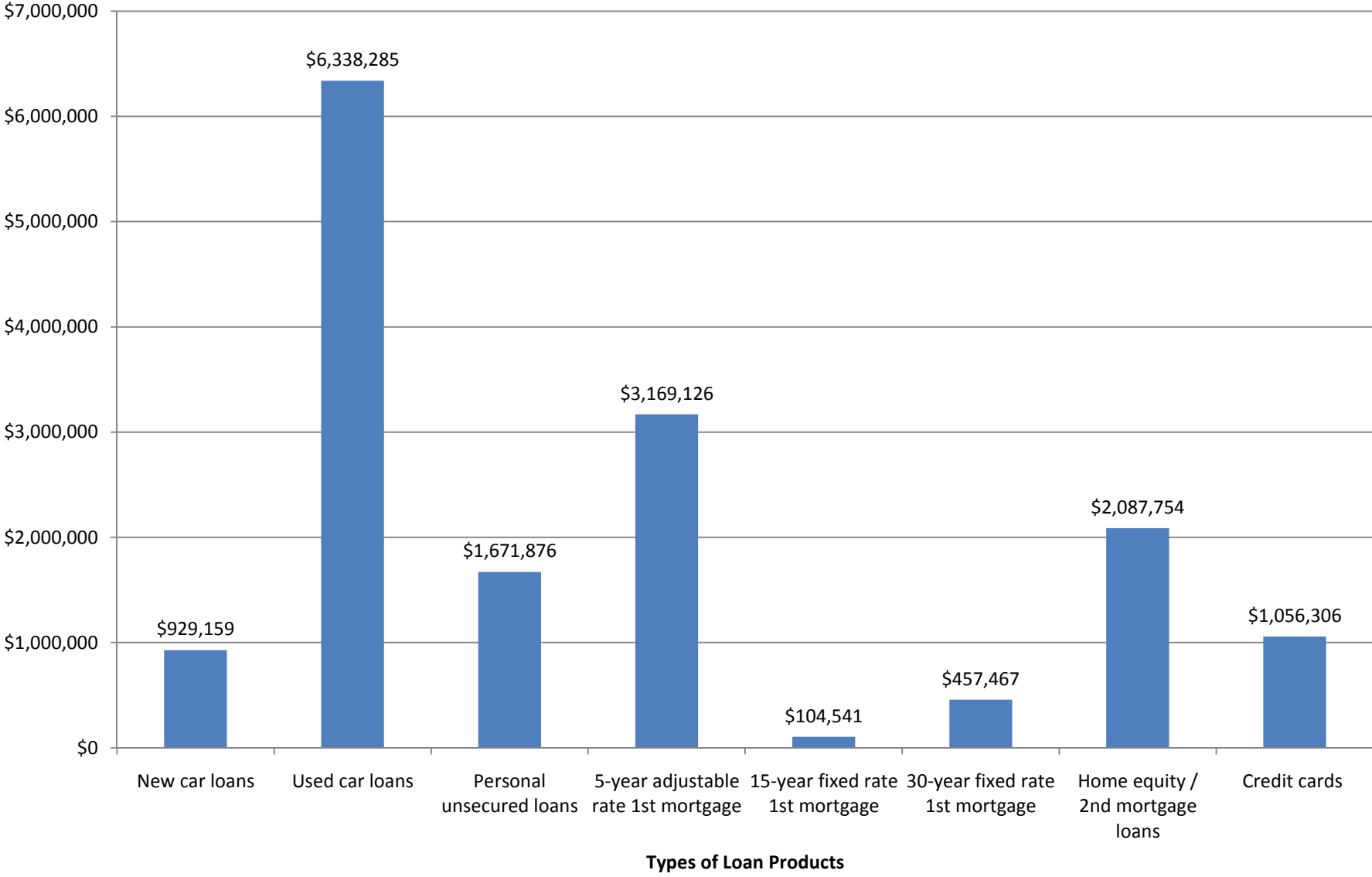


Vermont
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

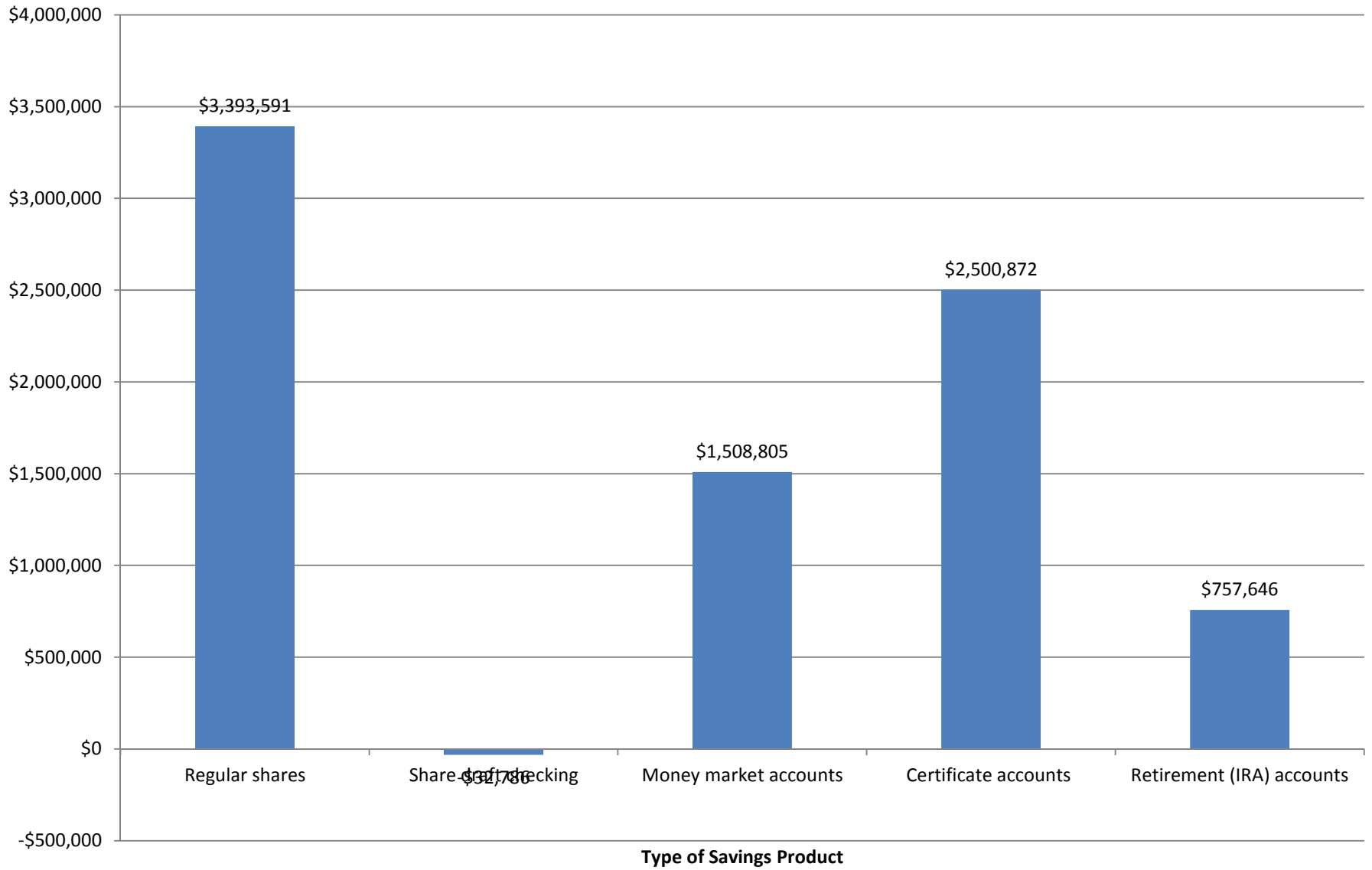
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.31	5.60	-1.30
48-month used car (A paper)	3.92	5.95	-2.04
Unsecured loan (A paper)	10.10	12.87	-2.77
5-year adjustable rate 1st mortgage, 0 pts	3.00	3.80	-0.80
15-year fixed rate 1st mortgage, 0 pts	3.57	3.61	-0.04
30-year fixed rate 1st mortgage, 0 pts	4.18	4.41	-0.23
Home equity / 2nd mtg, 80% LTV 0 pts	3.66	4.21	-0.56
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	0.69	0.19	0.50
Share draft checking, \$5,000 balance	0.11	0.12	-0.01
Money market accounts	0.71	0.42	0.29
1 Year certificate \$10,000 balance	1.00	0.60	0.40
Retirement (IRA) accounts	0.86	0.51	0.35
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 Vermont Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Vermont Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	71,749,700	-1.30	\$929,159
Used car loans	311,463,645	-2.04	\$6,338,285
Personal unsecured loans	60,465,670	-2.77	\$1,671,876
5-year adjustable rate 1st mortgage	396,140,765	-0.80	\$3,169,126
15-year fixed rate 1st mortgage	261,352,107	-0.04	\$104,541
30-year fixed rate 1st mortgage	198,898,890	-0.23	\$457,467
Home equity / 2nd mortgage loans	376,171,899	-0.56	\$2,087,754
Credit cards	80,023,201	-1.46	\$1,056,306
Interest rebates in period			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$15,814,514
 <u>Savings</u>			
Regular shares	685,573,896	0.50	\$3,393,591
Share draft checking	327,864,799	-0.01	-\$32,786
Money market accounts	520,277,463	0.29	\$1,508,805
Certificate accounts	625,218,062	0.40	\$2,500,872
Retirement (IRA) accounts	219,607,461	0.35	\$757,646
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$8,128,127
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$5,062,992
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$29,005,633
Total CU member benefit / member:			\$95
Total CU member benefit / member household:			\$180

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;

**Vermont
Performance Profile**

Demographic Information	Dec 11	Dec 10
Number of branches	79	75
Total assets (\$ mil)	2,931	2,683
Total loans (\$ mil)	1,976	1,879
Total surplus funds (\$ mil)	829	699
Total savings (\$ mil)	2,518	2,294
Total members (thousands)	312	300
Growth Rates (Trailing 12 months) *		
Total assets	9.3 %	9.8 %
Total loans	5.2 %	10.9 %
Total surplus funds	18.6 %	6.9 %
Total savings	9.7 %	11.1 %
Total members	4.1 %	3.3 %
Earnings - Basis Pts. *		
Yield on total assets	420	464
Dividend/interest cost of assets	104	126
Fee & other income	147	159
Operating expense	356	366
Loss Provisions	22	32
Net Income (ROA) after stabilization exp	85	99
Capital adequacy		
Net worth / assets	9.7	9.6
Asset quality *		
Delinquencies / loans	1.2	1.0
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	12	13
Bankruptcies per 1000 members	1.0	1.2
Asset/Liability Management		
Loans / savings	78.5	81.9
Loans / assets	67.4	70.0
Long-term assets / assets	35.8	34.4
Core deposits/shares & borrowings	44.0	38.8
Productivity		
Members/potential members	15.4	14.8
Borrowers/members	48.5	49.2
Members/FTE	372	381
Average shares/members (\$)	8,072	7,653
Average loan balances (\$)	13,065	12,743
Salary & Benefits/FTE	60,242	60,511

* 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.