The Benefits of Membership

Customized Analysis of Member Benefits For:

New Hampshire

September 2014

Prepared by:

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Economics and Statistics Department

AMERICA'S CREDIT UNIONS

New Hampshire

The Benefits of Membership

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

The Credit Union National Association (CUNA) estimates that New Hampshire credit unions provided $67,617,097 in direct financial benefits to the state's 547,671 members during the twelve months ending September 2014.

These benefits are equivalent to $123 per member or $235 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 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 $186 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 savings 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-fixed rate, 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, IRAs.

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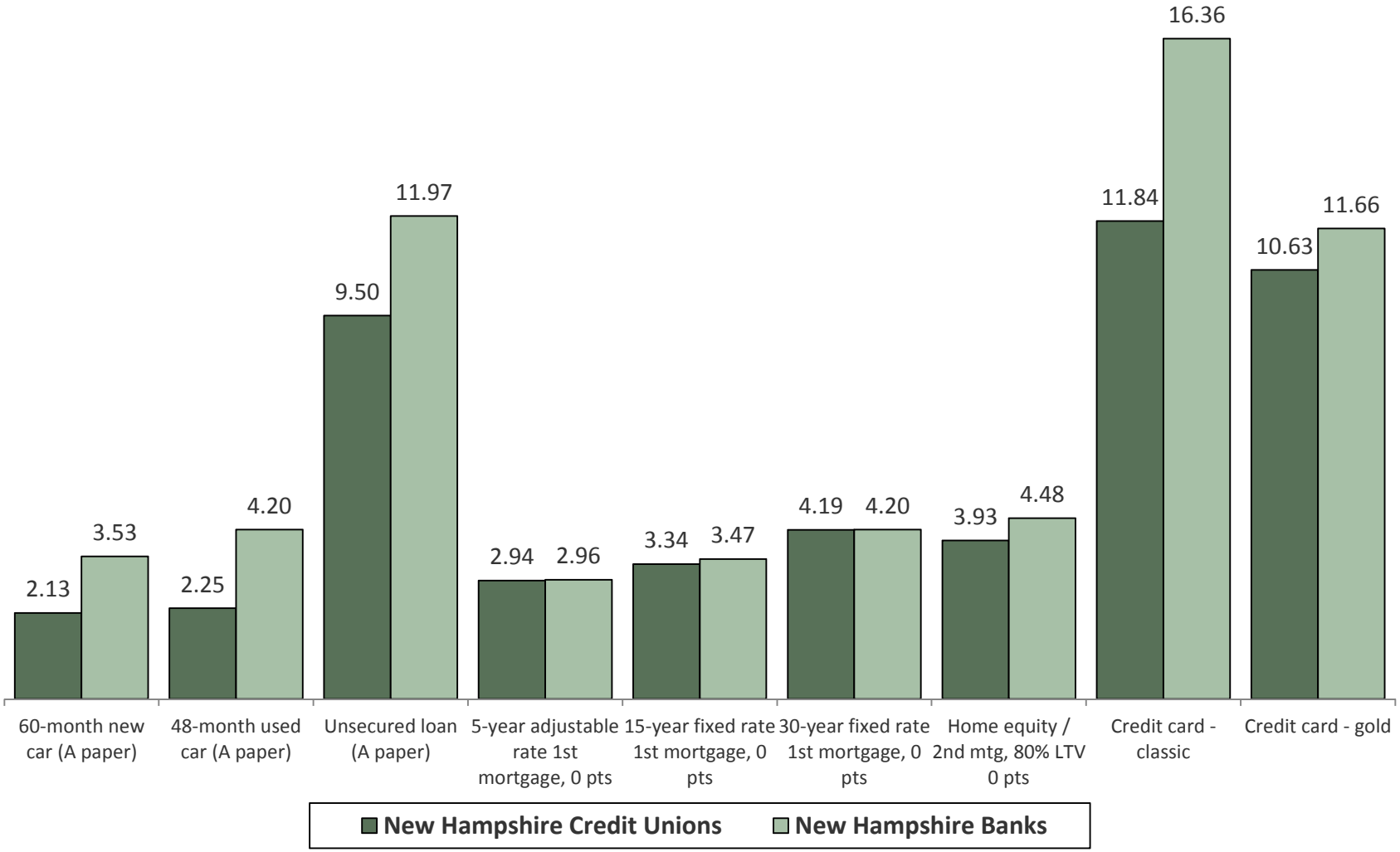
Source: Informa Research Services, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

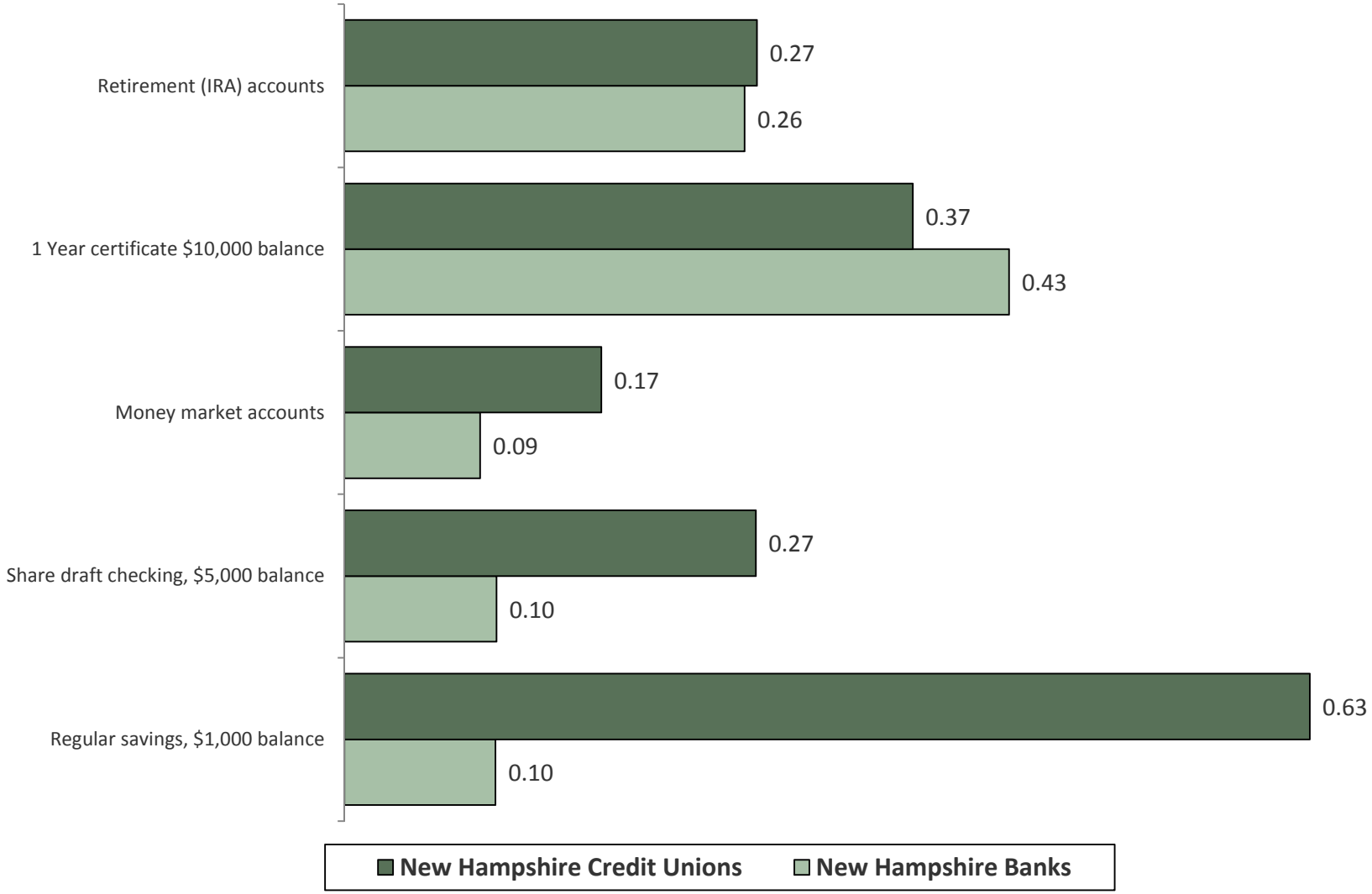
Loan Product Comparative Interest Rates (%)

By Loan Type



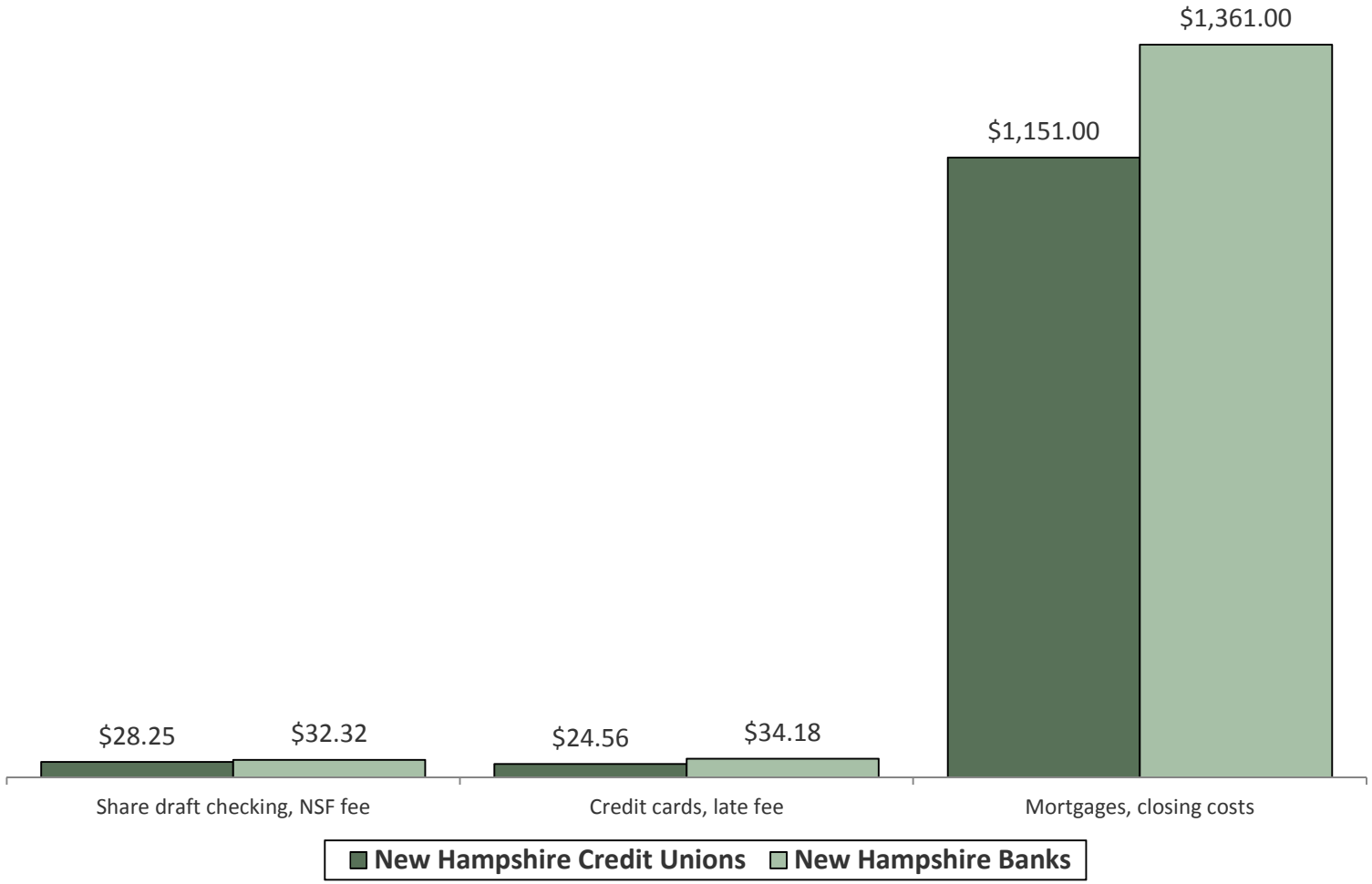
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



New Hampshire
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

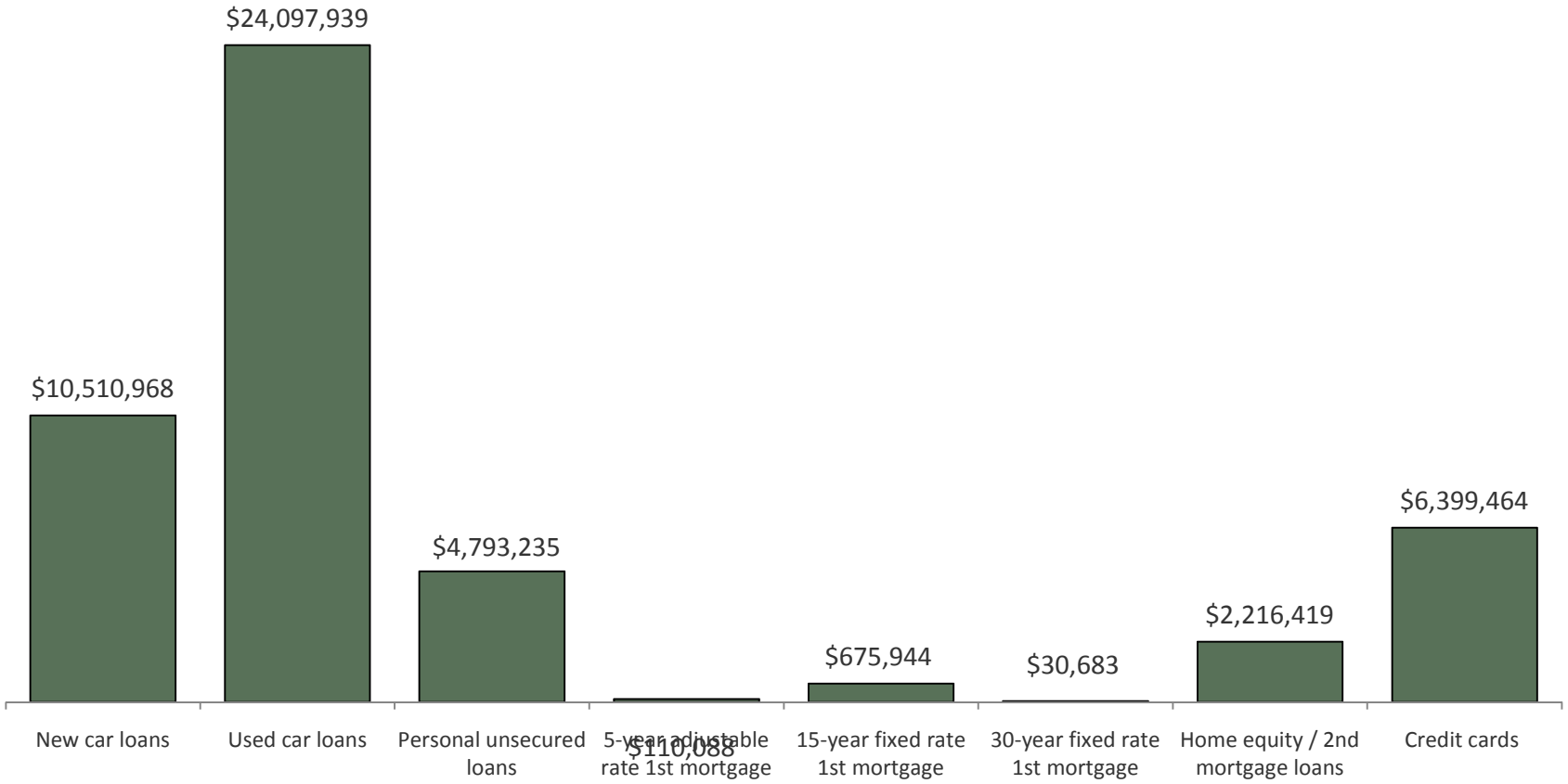
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.13	3.53	-1.40
48-month used car (A paper)	2.25	4.20	-1.95
Unsecured loan (A paper)	9.50	11.97	-2.47
5-year adjustable rate 1st mortgage, 0 pts	2.94	2.96	-0.02
15-year fixed rate 1st mortgage, 0 pts	3.34	3.47	-0.13
30-year fixed rate 1st mortgage, 0 pts	4.19	4.20	-0.01
Home equity / 2nd mtg, 80% LTV 0 pts	3.93	4.48	-0.55
Credit card - classic	11.84	16.36	-4.52
Credit card - gold	10.63	11.66	-1.03
Savings Products			
Regular savings, $1,000 balance	0.63	0.10	0.53
Share draft checking, $5,000 balance	0.27	0.10	0.17
Money market accounts	0.17	0.09	0.08
1 Year certificate $10,000 balance	0.37	0.43	-0.06
Retirement (IRA) accounts	0.27	0.26	0.01
Fee Income			
Share draft checking, NSF fee	$28.25	$32.32	-$4.07
Credit cards, late fee	$24.56	$34.18	-$9.62
Mortgages, closing costs	$1,151.00	$1,361.00	-$210.00

Source: Informa Research Services

State Credit Unions' Total Loan Rate Benefits

Compared to State Banking Institutions

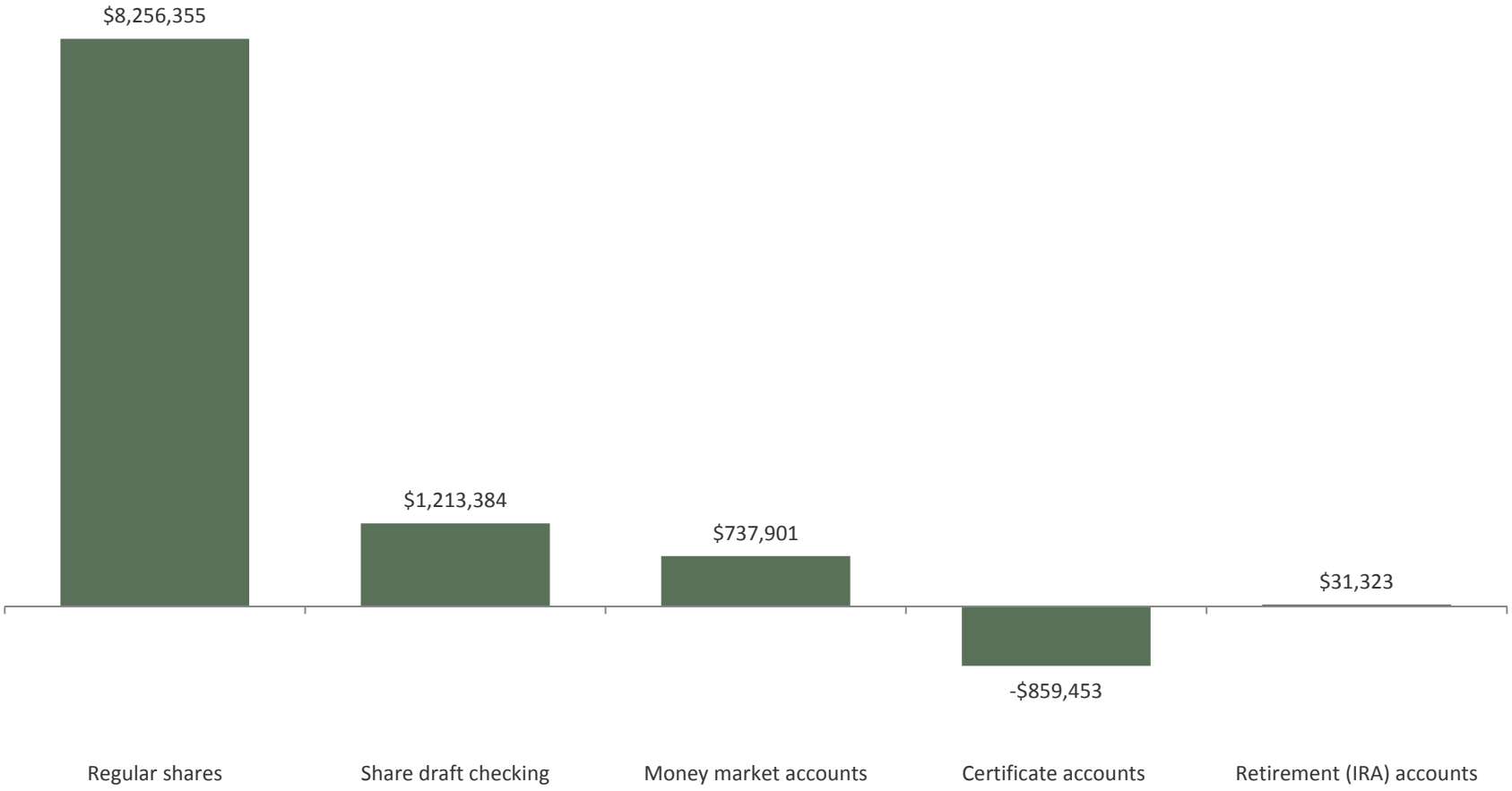
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for New Hampshire Credit Unions

September 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. New Hampshire Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	750,783,402	-1.40	$10,510,968
Used car loans	1,237,695,871	-1.95	$24,097,939
Personal unsecured loans	194,215,344	-2.47	$4,793,235
5-year adjustable rate 1st mortgage	500,398,385	-0.02	$110,088
15-year fixed rate 1st mortgage	540,755,026	-0.13	$675,944
30-year fixed rate 1st mortgage	511,375,346	-0.01	$30,683
Home equity / 2nd mortgage loans	400,075,554	-0.55	$2,216,419
Credit cards	175,447,955	-4.52	$6,399,464
Interest rebates in period			$188,803
Total CU member benefits arising from lower interest rates on loan products:			$49,023,541
Savings			
Regular shares	1,563,304,182	0.53	$8,256,355
Share draft checking	721,310,185	0.17	$1,213,384
Money market accounts	938,591,977	0.08	$737,901
Certificate accounts	1,377,244,366	-0.06	-$859,453
Retirement (IRA) accounts	386,370,006	0.01	$31,323
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on savings products:			$9,379,511
Fee Income			
Total CU member benefit arising from fewer / lower fees:			$9,214,046
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			$67,617,097
Total CU member benefit / member:			$123
Total CU member benefit / member household:			$235

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of September 2014 and September 2013, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

New Hampshire
Performance Profile

Demographic Information	Sep 14	Sep 13
Number of branches	102	98
Total assets ($ mil)	6,236	5,981
Total loans ($ mil)	4,647	4,221
Total surplus funds ($ mil)	1,182	1,384
Total savings ($ mil)	5,082	4,899
Total members (thousands)	559	537
Growth Rates (Trailing 12 months) *		
Total assets	4.3 %	7.7 %
Total loans	10.1 %	12.0 %
Total surplus funds	-14.6 %	-5.5 %
Total savings	3.8 %	8.3 %
Total members	4.1 %	7.1 %
Earnings - Basis Pts. *		
Yield on total assets	315	330
Dividend / interest cost of assets	61	68
Fee & other income	190	184
Operating expense	338	354
Loss Provisions	24	30
Net Income (ROA) after stabilization exp	82	62
Capital adequacy		
Net worth / assets	11.1	10.8
Asset quality *		
Delinquencies / loans	0.4	0.4
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	40	44
Bankruptcies per 1000 members	1.4	1.6
Asset/Liability Management		
Loans / savings	91.4	86.2
Loans / assets	74.5	70.6
Long-term assets / assets	31.2	31.8
Core deposits/shares & borrowings	43.9	42.1
Productivity		
Members / potential members	6.3	6.3
Borrowers / members	56.7	54.2
Members / FTE	359	347
Average shares / members ($)	9,095	9,122
Average loan balances ($)	14,671	14,506
Salary & Benefits / FTE	69,051	67,099

*** 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.**