The Benefits of Membership

Customized Analysis of Member Benefits For:

Vermont

September 2014

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Vermont

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 Vermont credit unions provided $21,721,916 in direct financial benefits to the state's 334,091 members during the twelve months ending September 2014.

These benefits are equivalent to $65 per member or $124 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 $161 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 savings 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, home equity loans, credit cards loans.

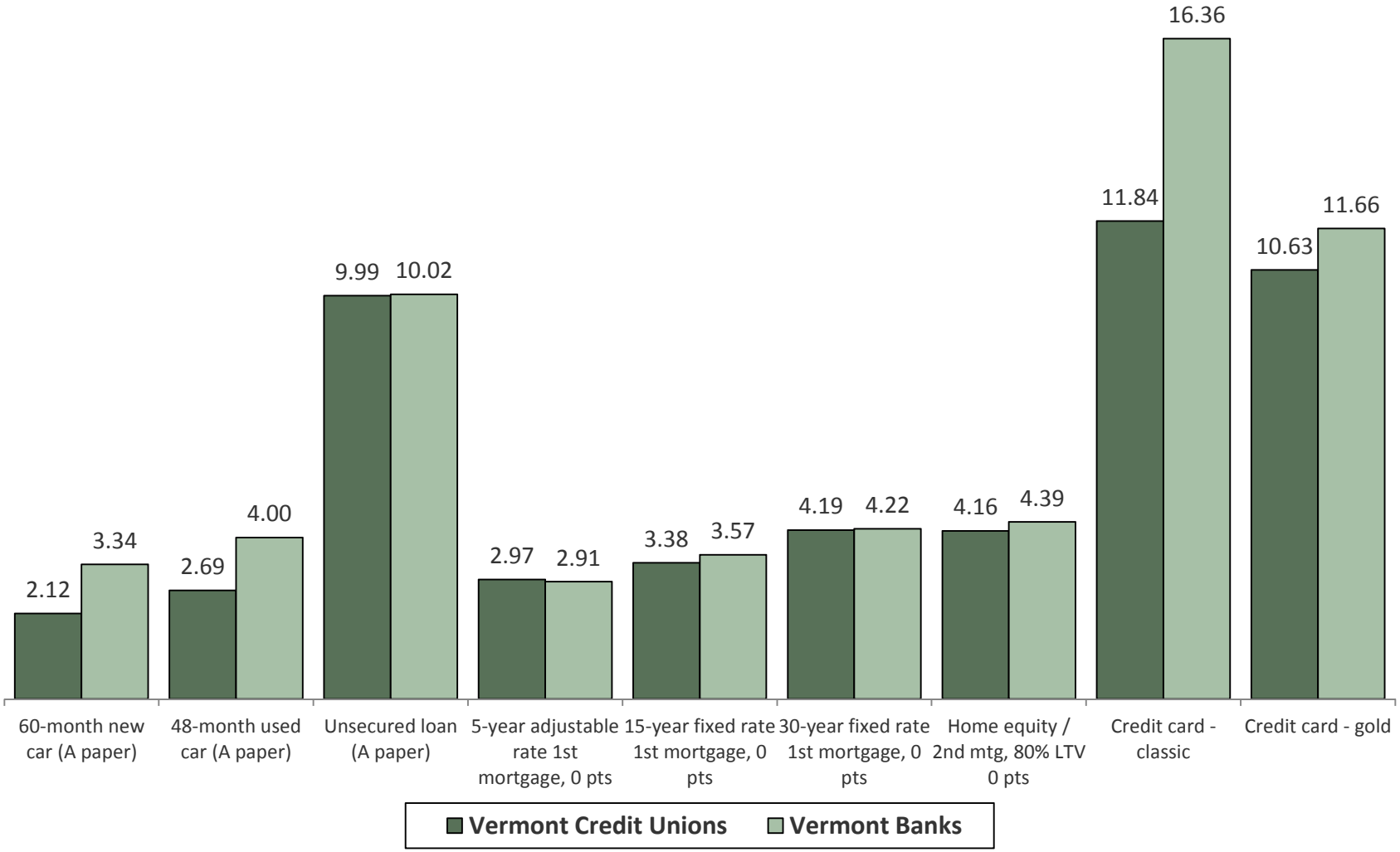
Vermont credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

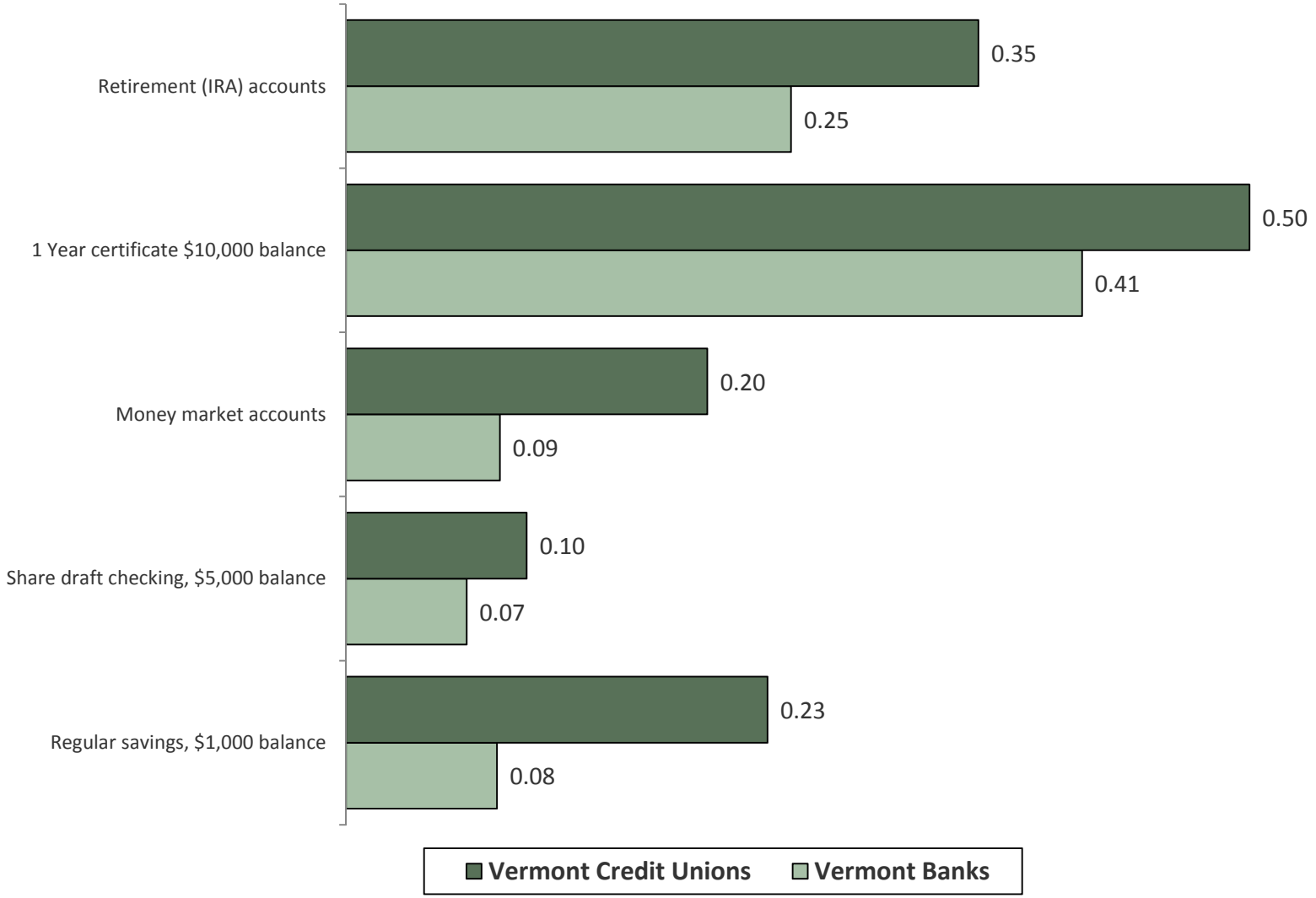
Loan Product Comparative Interest Rates (%)

By Loan Type



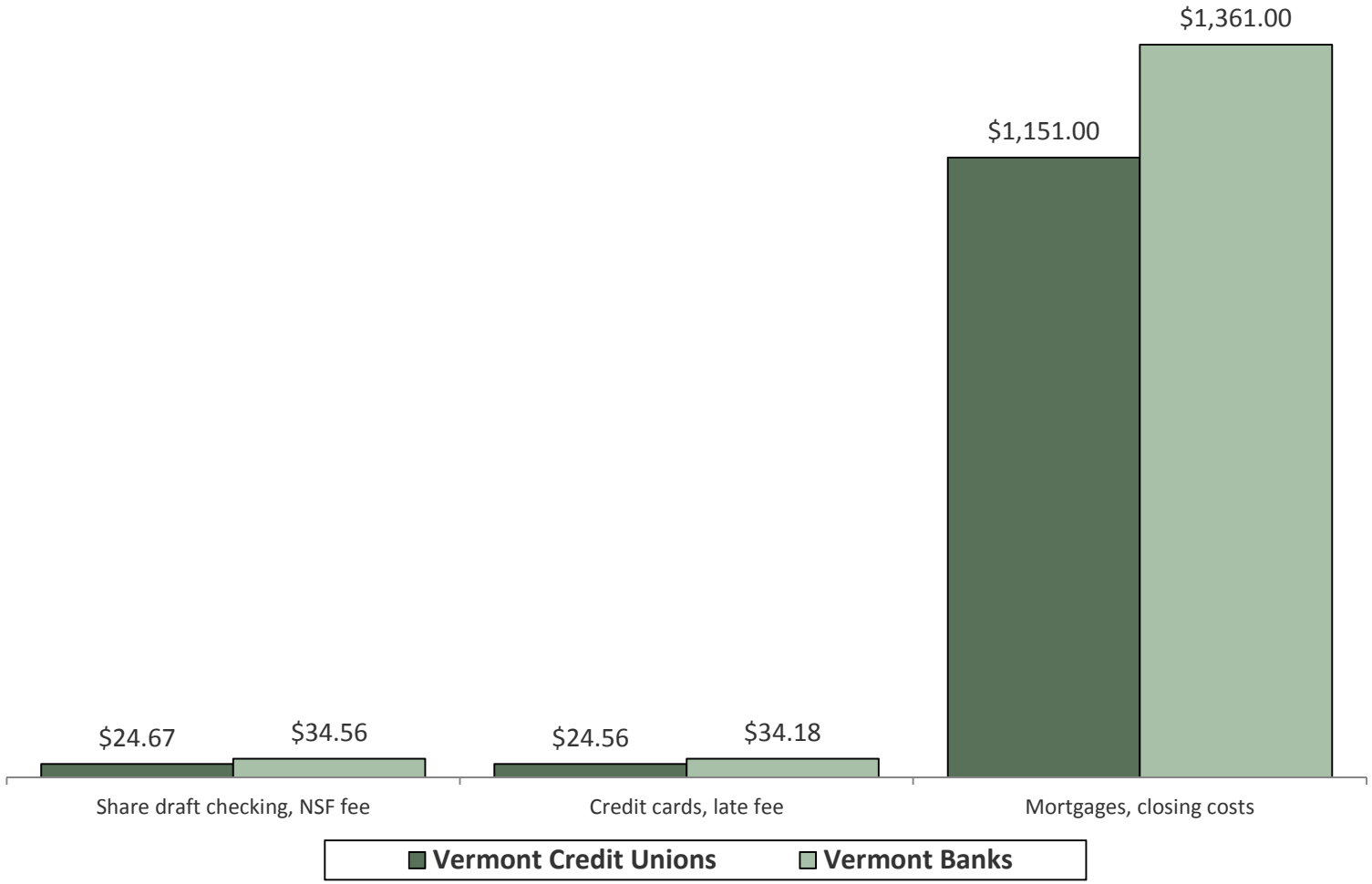
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Vermont

Credit Union and Banking Institution

September 2014 Average Interest Rates and Fees

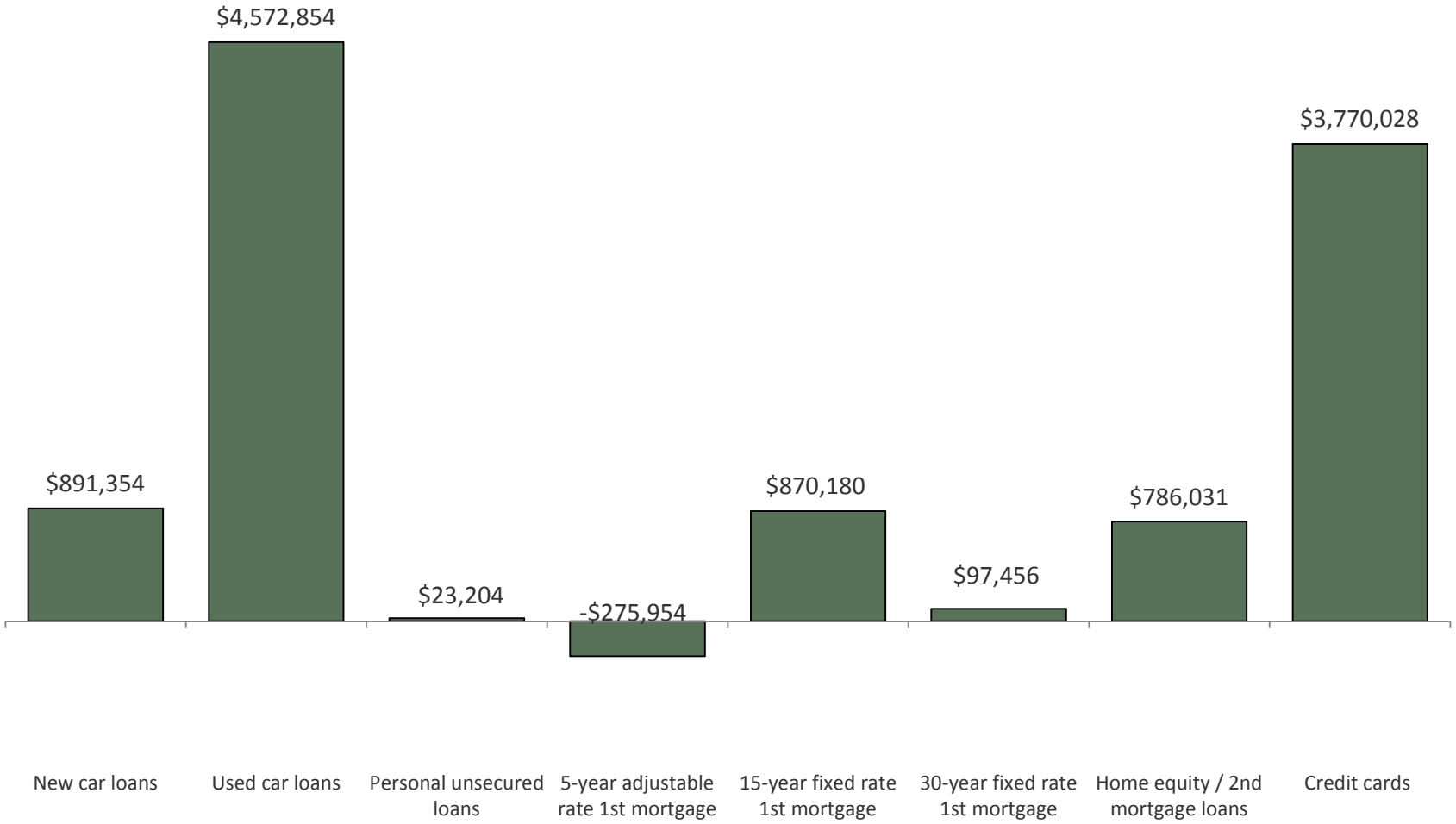
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.12	3.34	-1.22
48-month used car (A paper)	2.69	4.00	-1.31
Unsecured loan (A paper)	9.99	10.02	-0.03
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.91	0.05
15-year fixed rate 1st mortgage, 0 pts	3.38	3.57	-0.20
30-year fixed rate 1st mortgage, 0 pts	4.19	4.22	-0.03
Home equity / 2nd mtg, 80% LTV 0 pts	4.16	4.39	-0.23
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	0.23	0.08	0.15
Share draft checking, $5,000 balance	0.10	0.07	0.03
Money market accounts	0.20	0.09	0.11
1 Year certificate $10,000 balance	0.50	0.41	0.09
Retirement (IRA) accounts	0.35	0.25	0.10
Fee Income			
Share draft checking, NSF fee	$24.67	$34.56	-$9.90
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

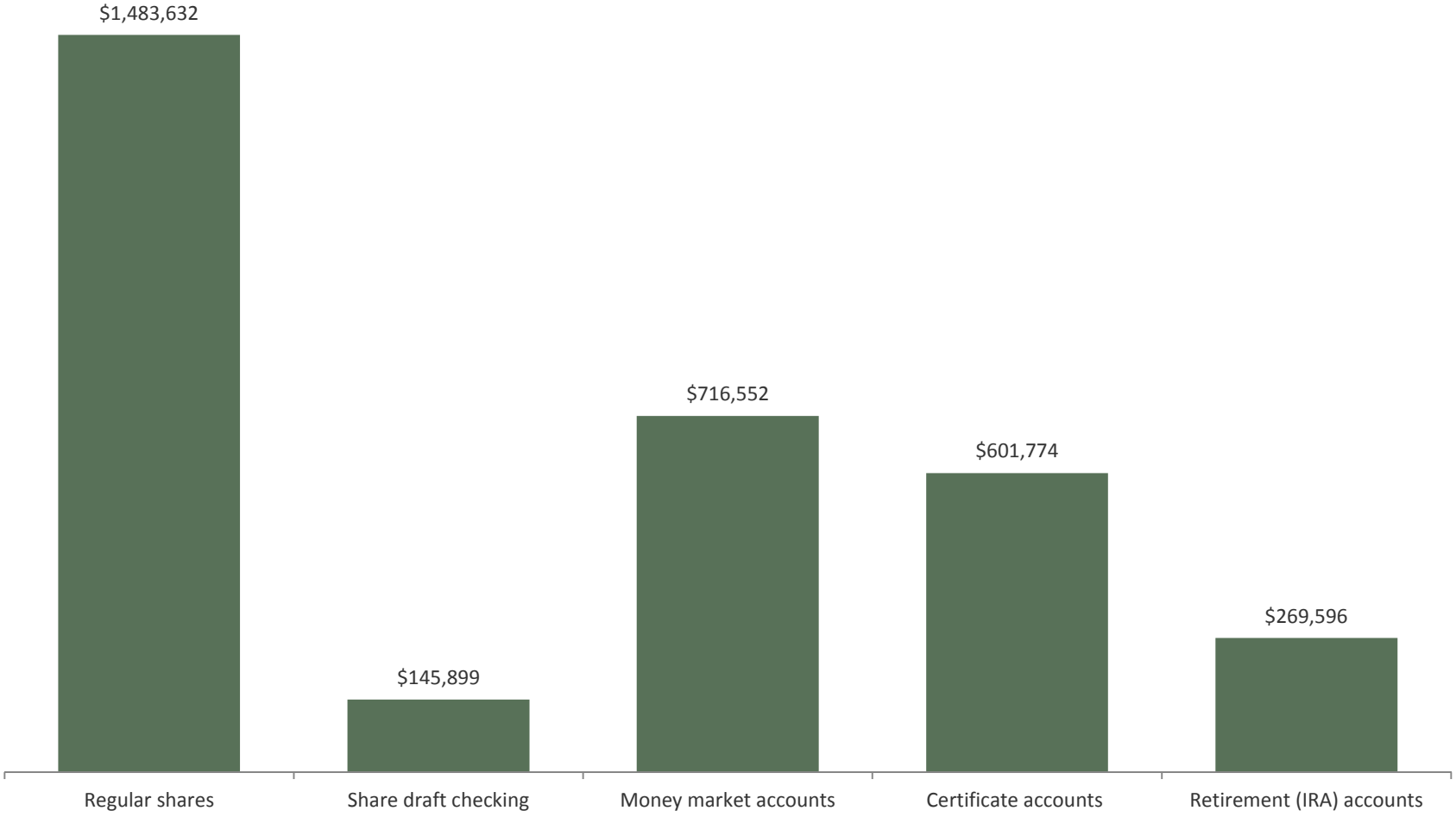
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Vermont Credit Unions

September 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Vermont Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	73,302,170	-1.22	$891,354
Used car loans	348,275,221	-1.31	$4,572,854
Personal unsecured loans	70,315,705	-0.03	$23,204
5-year adjustable rate 1st mortgage	501,734,633	0.05	-$275,954
15-year fixed rate 1st mortgage	441,715,759	-0.20	$870,180
30-year fixed rate 1st mortgage	286,634,604	-0.03	$97,456
Home equity / 2nd mortgage loans	349,347,292	-0.23	$786,031
Credit cards	103,359,244	-4.52	$3,770,028
Interest rebates in period			$0
Total CU member benefits arising from lower interest rates on loan products:			$10,735,154
Savings			
Regular shares	990,660,178	0.15	$1,483,632
Share draft checking	440,011,443	0.03	$145,899
Money market accounts	624,093,904	0.11	$716,552
Certificate accounts	649,396,866	0.09	$601,774
Retirement (IRA) accounts	259,874,995	0.10	$269,596
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on savings products:			$3,217,453
Fee Income			
Total CU member benefit arising from fewer / lower fees:			$7,769,310
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			$21,721,916
Total CU member benefit / member:			$65
Total CU member benefit / member household:			$124

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;

Vermont
Performance Profile

Demographic Information	Sep 14	Sep 13
Number of branches	78	78
Total assets ($ mil)	3,490	3,331
Total loans ($ mil)	2,410	2,304
Total surplus funds ($ mil)	923	877
Total savings ($ mil)	3,069	2,933
Total members (thousands)	339	331
Growth Rates (Trailing 12 months) *		
Total assets	5.0 %	5.8 %
Total loans	4.7 %	9.6 %
Total surplus funds	5.8 %	-3.8 %
Total savings	4.9 %	7.3 %
Total members	2.8 %	3.7 %
Earnings - Basis Pts. *		
Yield on total assets	351	358
Dividend / interest cost of assets	65	73
Fee & other income	141	158
Operating expense	344	350
Loss Provisions	23	22
Net Income (ROA) after stabilization exp	60	71
Capital adequacy		
Net worth / assets	10.0	9.9
Asset quality *		
Delinquencies / loans	1.0	1.1
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	9	10
Bankruptcies per 1000 members	0.6	0.8
Asset/Liability Management		
Loans / savings	78.5	78.6
Loans / assets	69.0	69.2
Long-term assets / assets	40.1	40.0
Core deposits/shares & borrowings	48.5	46.5
Productivity		
Members / potential members	13.4	16.4
Borrowers / members	52.2	50.1
Members / FTE	352	352
Average shares / members ($)	9,062	8,847
Average loan balances ($)	13,636	13,862
Salary & Benefits / FTE	64,209	63,303

*** 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.**