

CUNA Massachusetts
MEMBERSHIP BENEFITS
REPORT

Massachusetts

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 Massachusetts credit unions provided \$204,454,667 in direct financial benefits to the state's 2,950,466 members during the twelve months ending December 2018.

These benefits are equivalent to \$69 per member or \$146 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 Massachusetts 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 Massachusetts credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Massachusetts credit union will save members an average \$146 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.

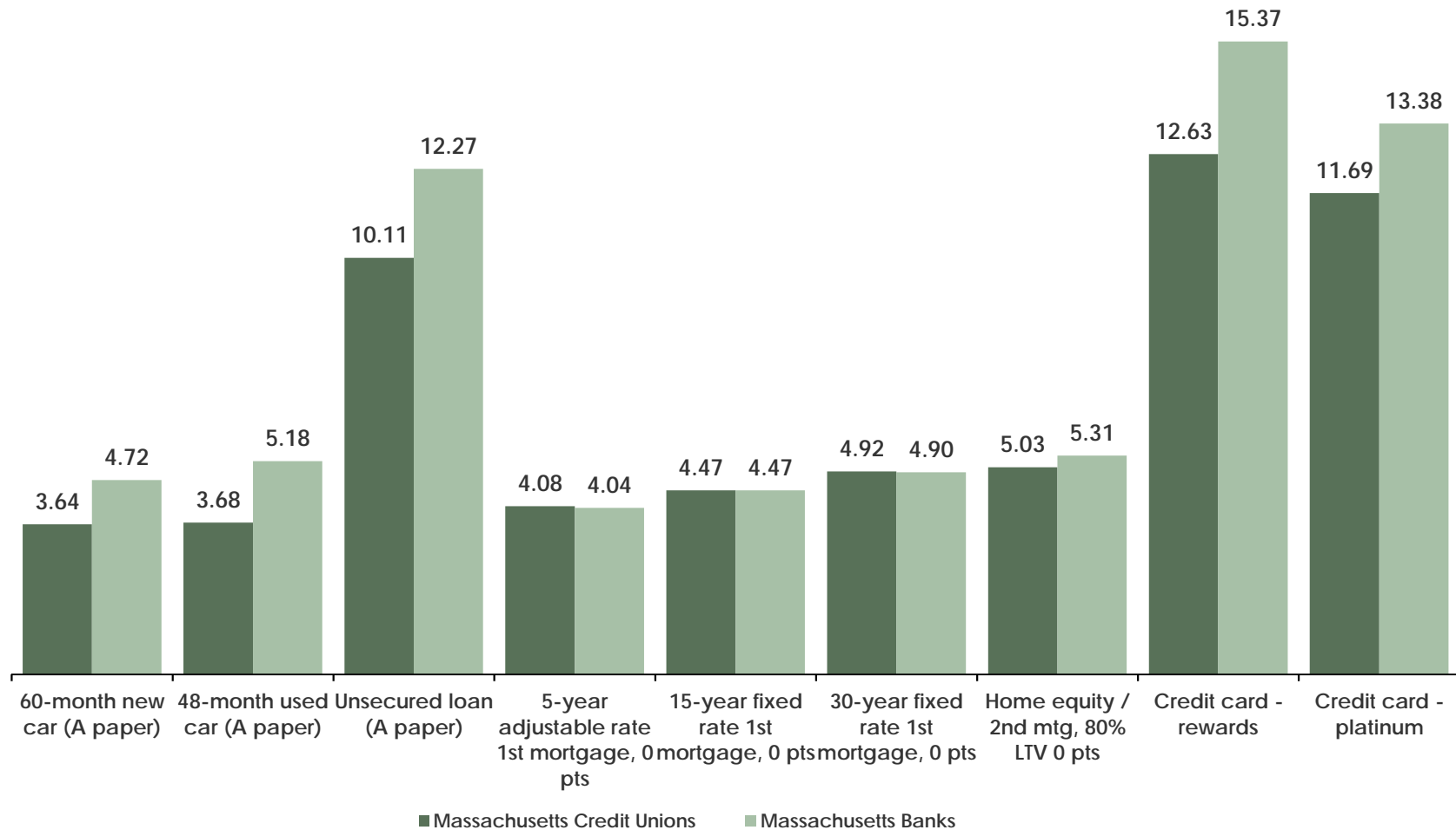
Massachusetts credit unions excel in providing member benefits on many loan and savings products. In particular, Massachusetts credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans, credit cards loans.

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



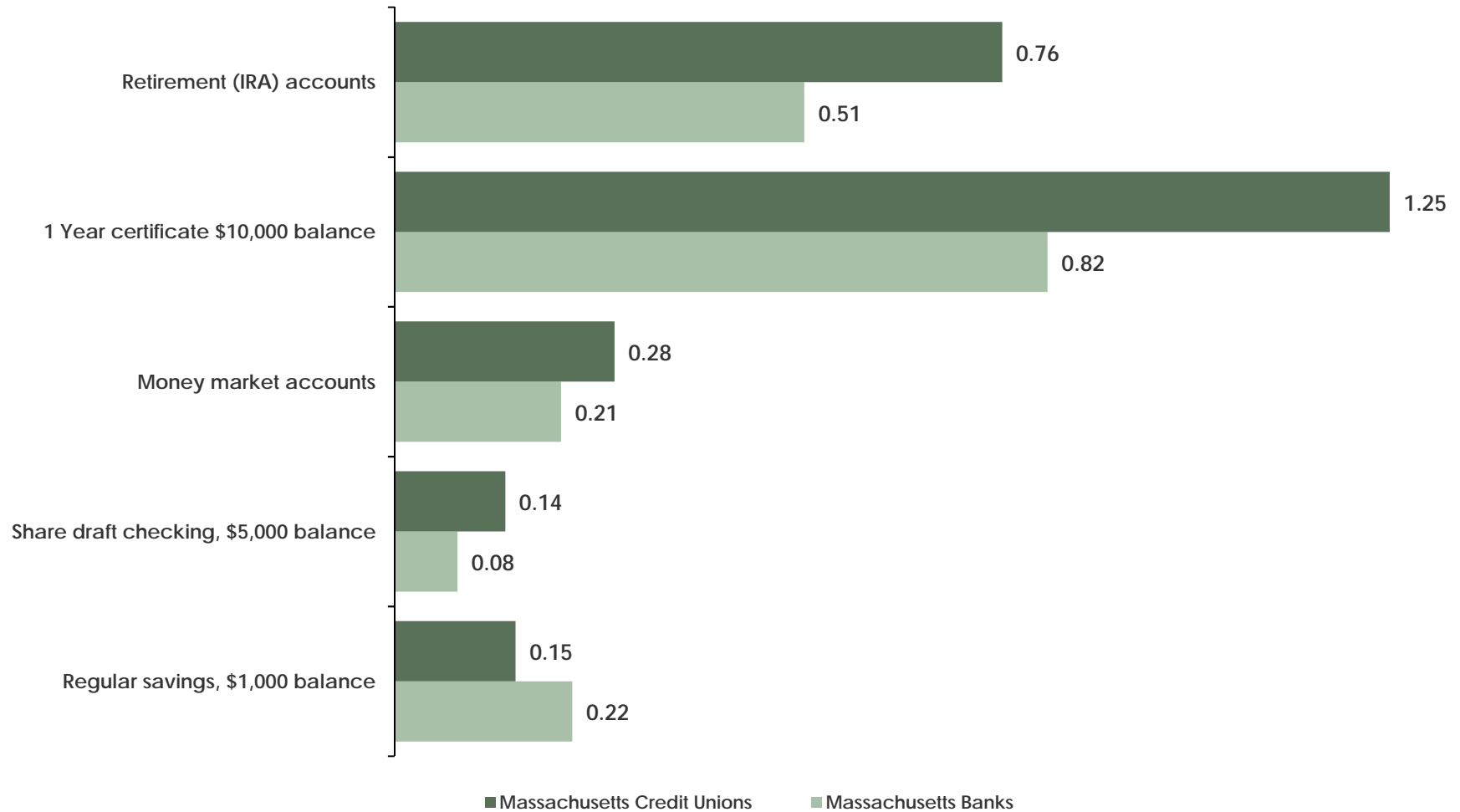
Loan Product Comparative Interest Rates (%)

by Loan Type



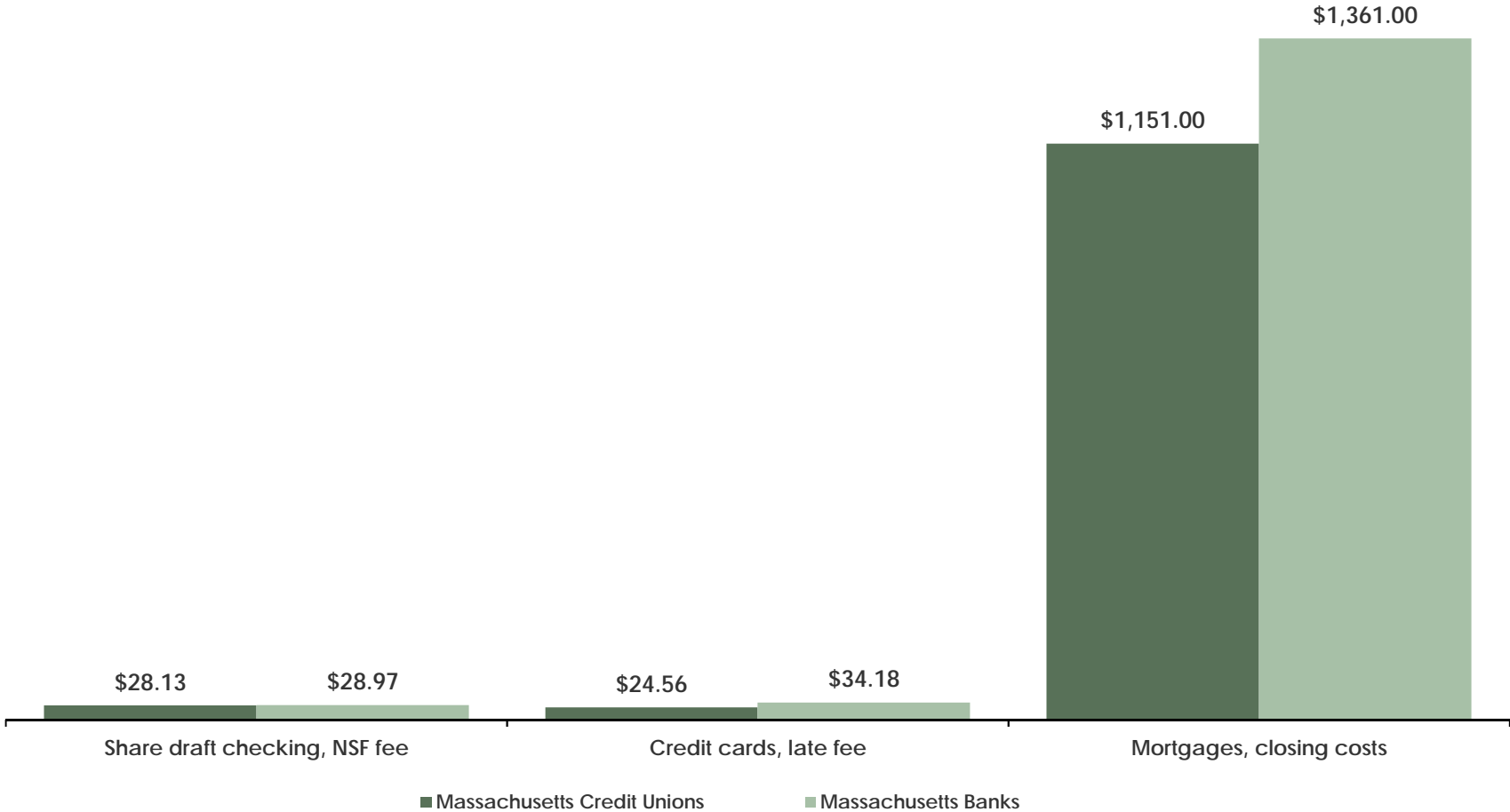
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



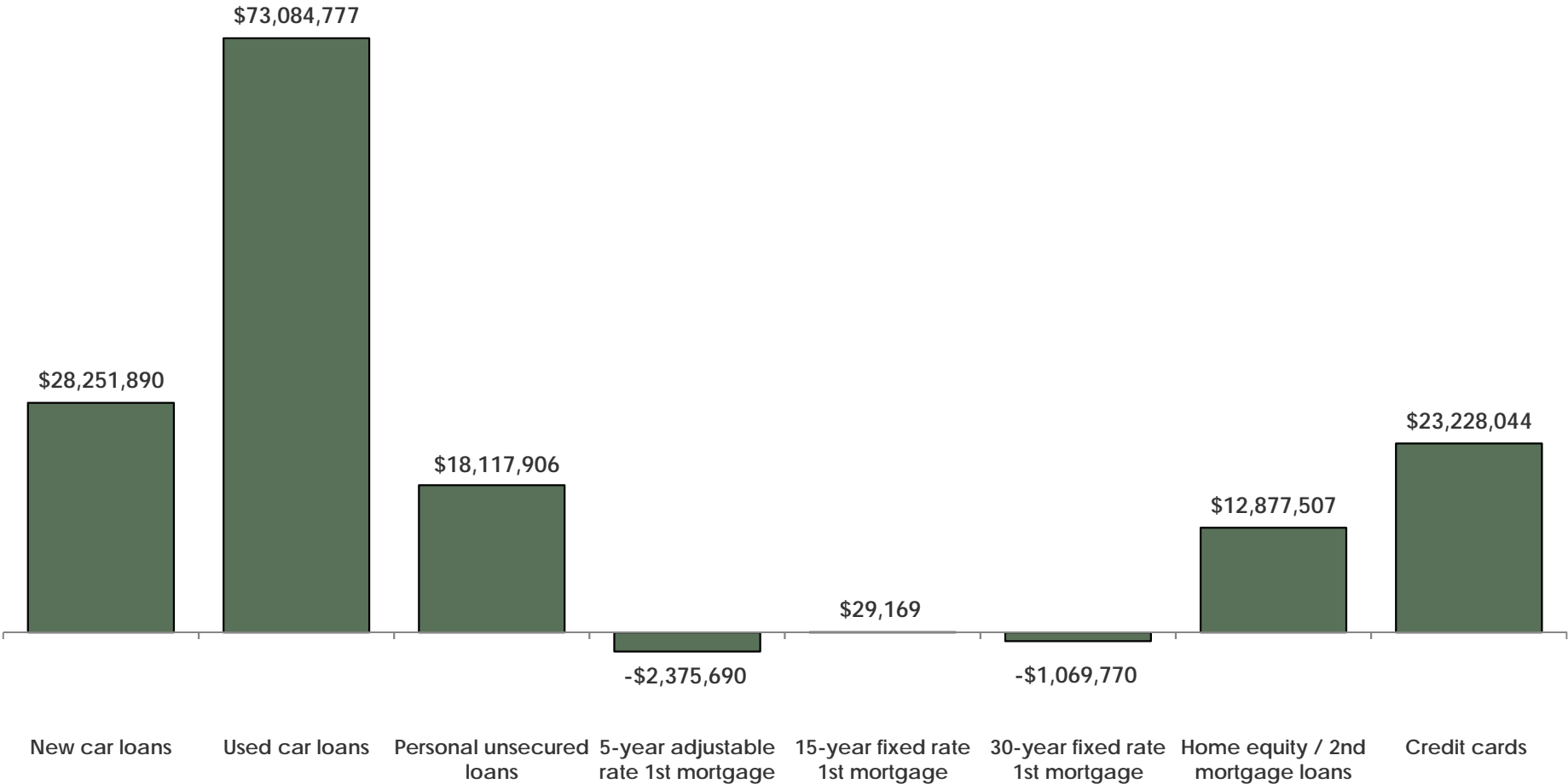
Massachusetts Credit Union and Banking Institution December 2018 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.64	4.72	-1.08
48-month used car (A paper)	3.68	5.18	-1.49
Unsecured loan (A paper)	10.11	12.27	-2.16
5-year adjustable rate 1st mortgage, 0 pts	4.08	4.04	0.04
15-year fixed rate 1st mortgage, 0 pts	4.47	4.47	0.00
30-year fixed rate 1st mortgage, 0 pts	4.92	4.90	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	5.03	5.31	-0.29
Credit card - rewards	12.63	15.37	-2.74
Credit card - platinum	11.69	13.38	-1.69
Savings Products			
Regular savings, \$1,000 balance	0.15	0.22	-0.07
Share draft checking, \$5,000 balance	0.14	0.08	0.06
Money market accounts	0.28	0.21	0.07
1 Year certificate \$10,000 balance	1.25	0.82	0.43
Retirement (IRA) accounts	0.76	0.51	0.25
Fee Income			
Share draft checking, NSF fee	\$28.13	\$28.97	-\$0.85
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

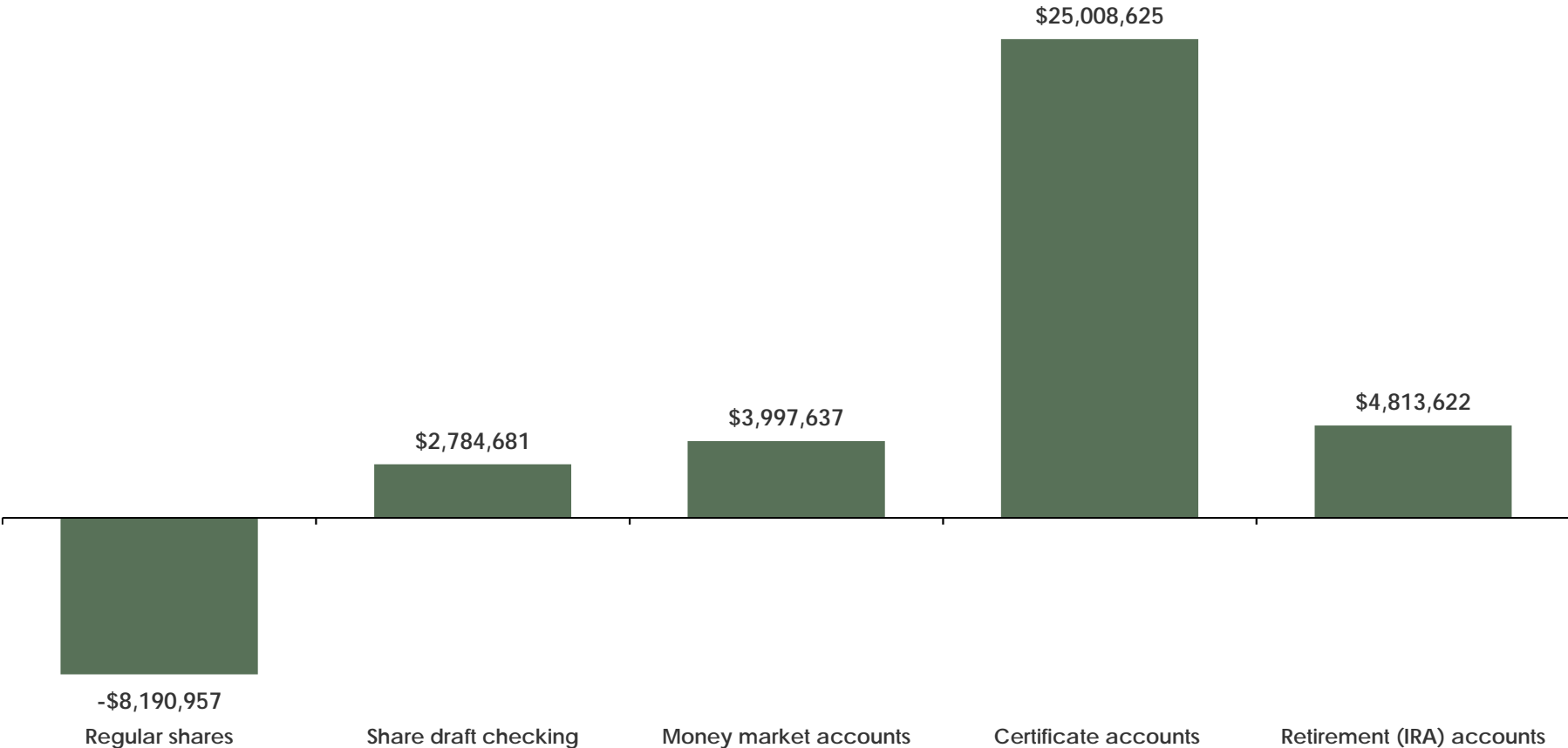
State Credit Union's Total Loan Rate Benefits

Compared to State Banking Institutions
by Loan Type



State Credit Union's Total Savings Dividend Benefits

Compared to State Banking Institutions
by Account Type



Estimated Financial Benefits for Massachusetts Credit Unions December 2018

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Massachusetts Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,618,340,169	-1.08	\$28,251,890
Used car loans	4,901,728,833	-1.49	\$73,084,777
Personal unsecured loans	837,241,485	-2.16	\$18,117,906
5-year adjustable rate 1st mortgage	5,939,224,504	0.04	-\$2,375,690
15-year fixed rate 1st mortgage	2,916,927,669	0.00	\$29,169
30-year fixed rate 1st mortgage	5,348,850,431	0.02	-\$1,069,770
Home equity / 2nd mortgage loans	4,518,423,595	-0.29	\$12,877,507
Credit cards	938,696,481	-2.74	\$23,228,044
Interest rebates			\$7,024,658
Total CU member benefits arising from lower interest rates on loan products:			\$159,168,492
Savings			
Regular shares	11,536,559,271	-0.07	-\$8,190,957
Share draft checking	4,641,134,655	0.06	\$2,784,681
Money market accounts	5,966,622,434	0.07	\$3,997,637
Certificate accounts	5,829,516,228	0.43	\$25,008,625
Retirement (IRA) accounts	1,940,976,515	0.25	\$4,813,622
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$28,413,607
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$16,872,568
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$204,454,667
Total CU member benefit / member:			\$69
Total CU member benefit / member household:			\$146

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of December 2018 and December 2017, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Membership Benefits Report

CUNA Economics and Statistics

Massachusetts Credit Union Performance Profile

Demographic Information	Dec 18	Dec 17
Number of branches	494	487
Total assets (\$ mil)	39,556	37,937
Total loans (\$ mil)	31,335	28,845
Total surplus funds (\$ mil)	7,017	7,938
Total savings (\$ mil)	31,776	30,684
Total members (thousands)	3,059	2,917
Growth Rates (Trailing 12 months) *		
Total assets	4.5 %	5.6 %
Total loans	8.8 %	5.5 %
Total surplus funds	-11.3 %	5.3 %
Total savings	3.8 %	5.1 %
Total members	5.1 %	4.7 %
Earnings - Basis Pts. *		
Yield on total assets	357	334
Dividend / interest cost of assets	70	56
Fee & other income	88	79
Operating expense	281	267
Loss Provisions	30	23
Net Income (ROA) after stabilization exp	65	66
Capital Adequacy		
Net worth / assets	11.1	10.9
Asset Quality *		
Delinquencies / loans	0.6	0.6
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	10	9
Bankruptcies per 1000 members	0.5	0.5
Asset/Liability Management		
Loans / savings	98.6	94.0
Loans / assets	79.2	76.0
Long-term assets / assets	39.6	40.8
Core deposits/shares & borrowings	49.9	49.0
Productivity		
Members / potential members	4.0	3.7
Borrowers / members	50.8	50.2
Members / FTE	438	434
Average shares / members (\$)	10,387	10,520
Average loan balances (\$)	20,173	19,686
Salary & Benefits / FTE	78,355	74,719

* 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.