The Benefits of Membership

Customized Analysis of Member Benefits For:

Hawaii

December 2013

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AMERICA'S CREDIT UNIONS

Hawaii

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 Hawaii credit unions provided $41,035,382 in direct financial benefits to the state's 865,166 members during the twelve months ending December 2013.

These benefits are equivalent to $47 per member or $90 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 Hawaii 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 Hawaii credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Hawaii credit union will save members an average $191 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.

Hawaii credit unions excel in providing member benefits on many loan and saving products. In particular, Hawaii 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.

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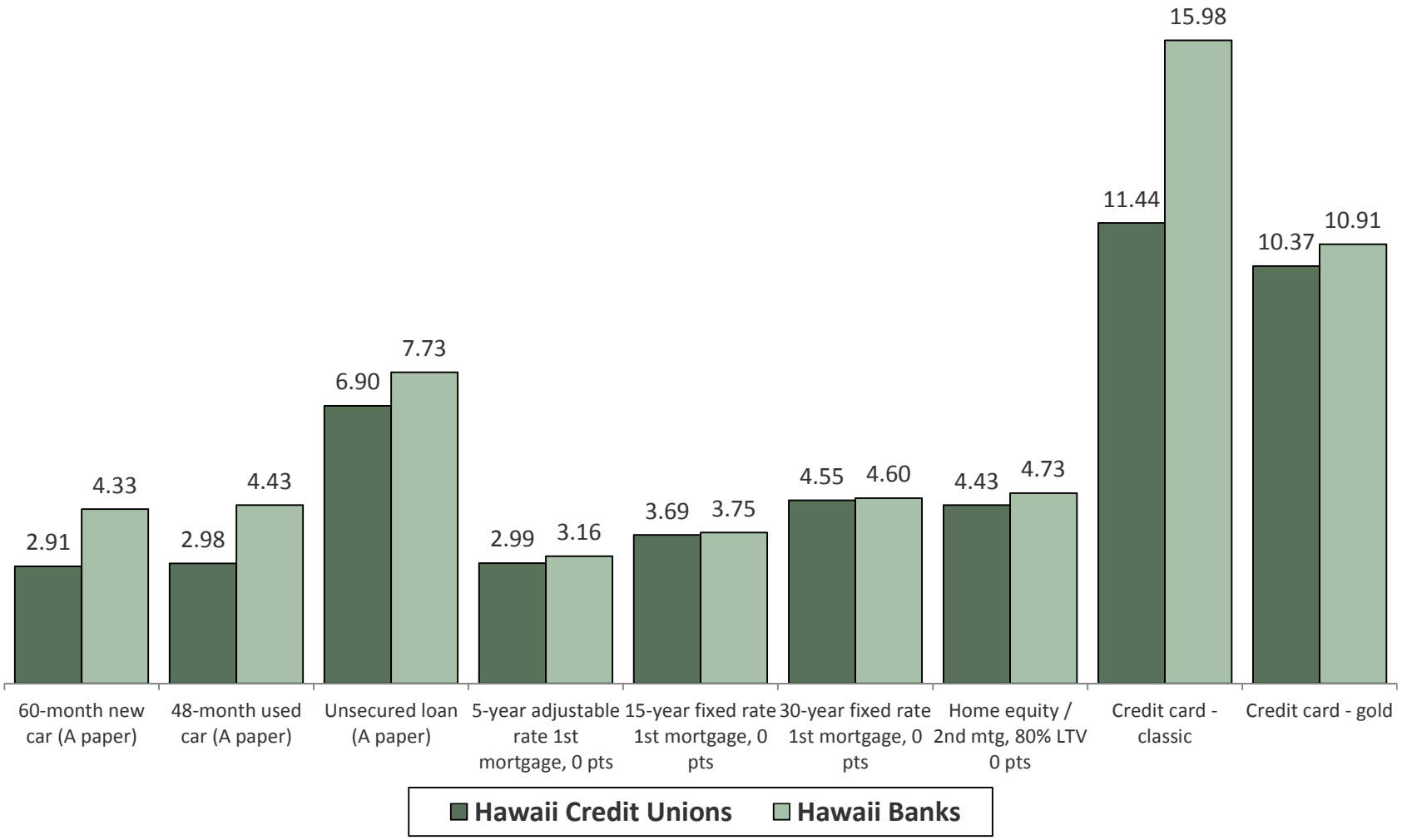
Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

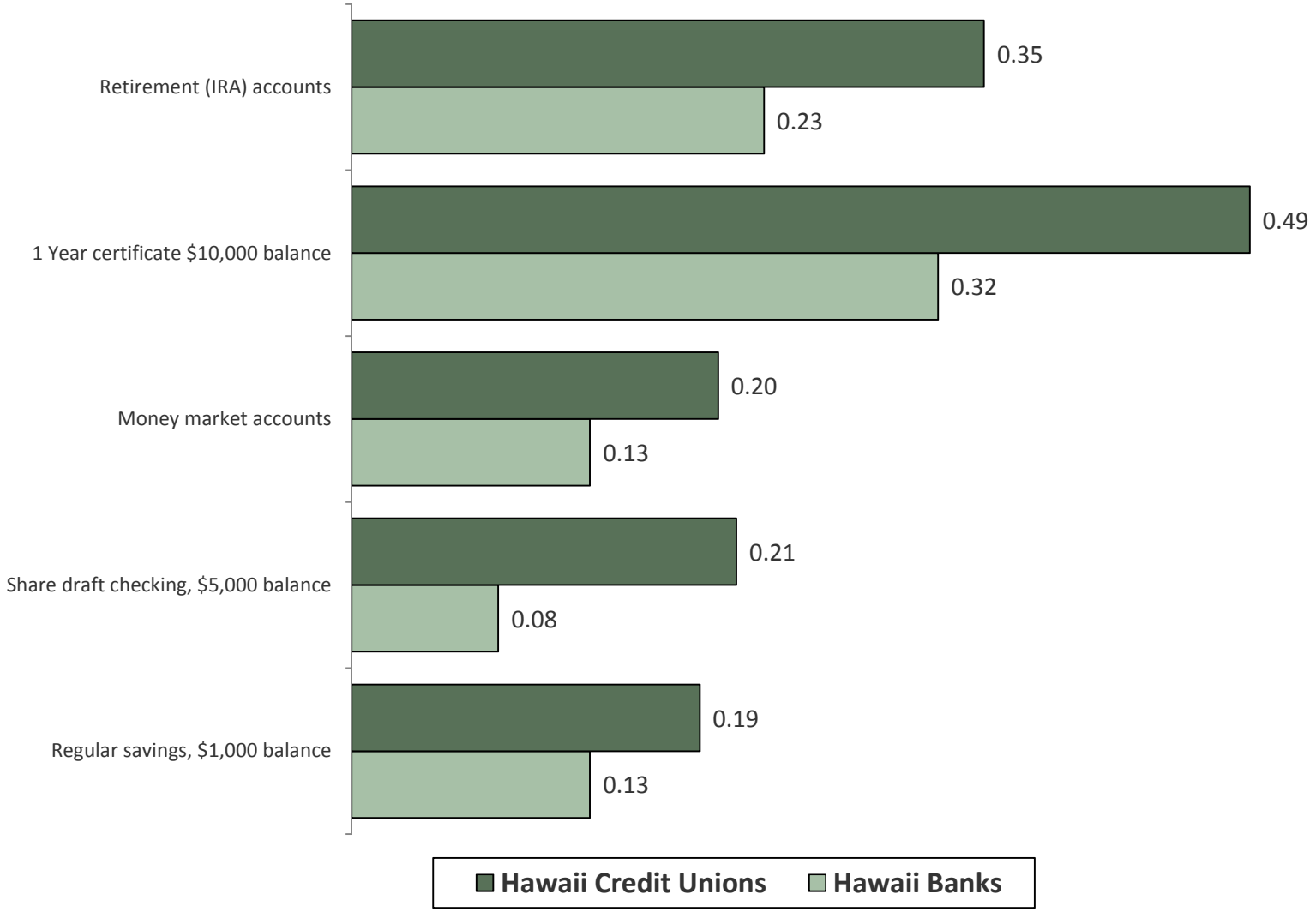
Loan Product Comparative Interest Rates (%)

By Loan Type



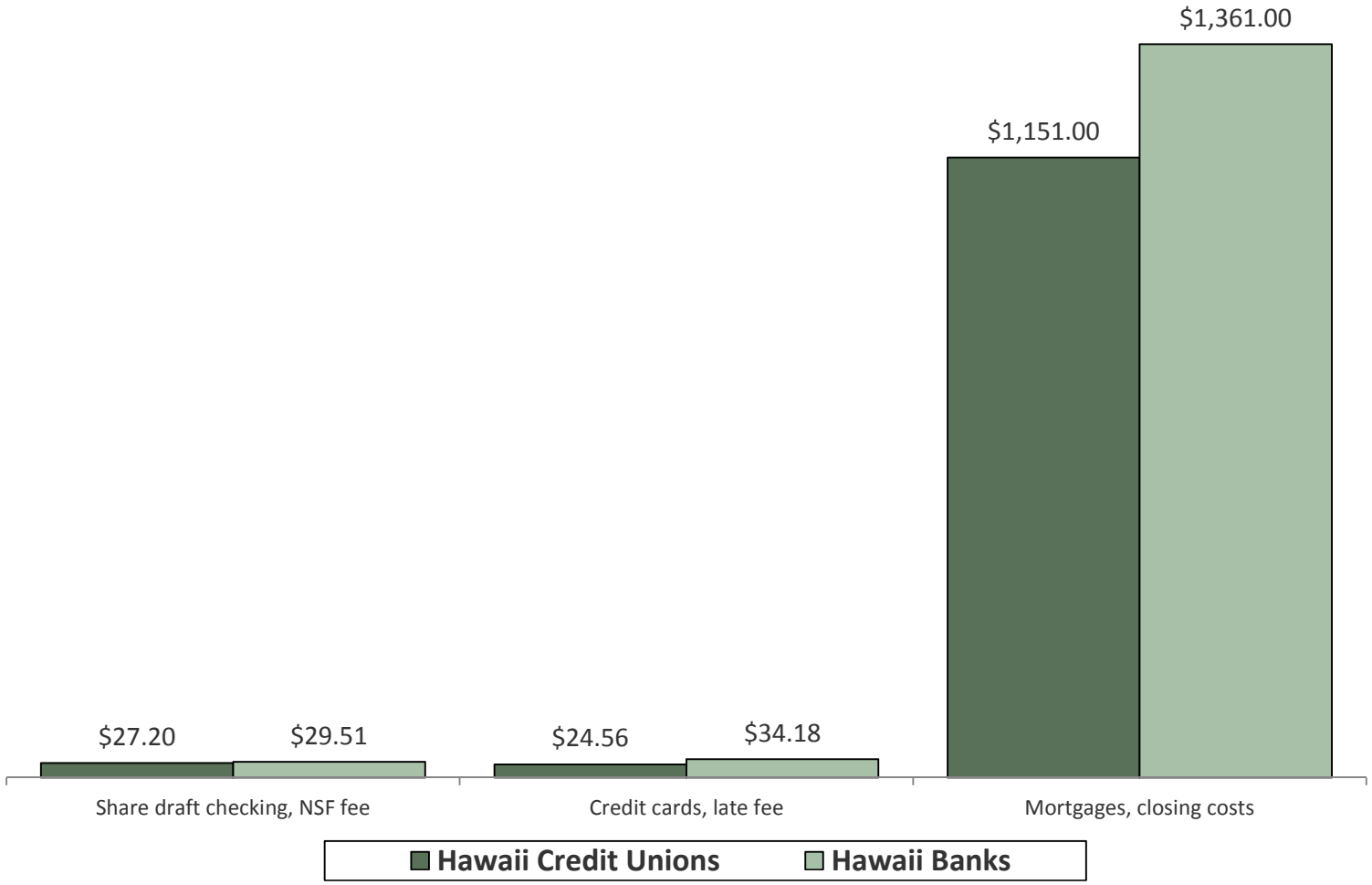
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Hawaii
Credit Union and Banking Instituion
Year-End 2013 Average Interest Rates and Fees

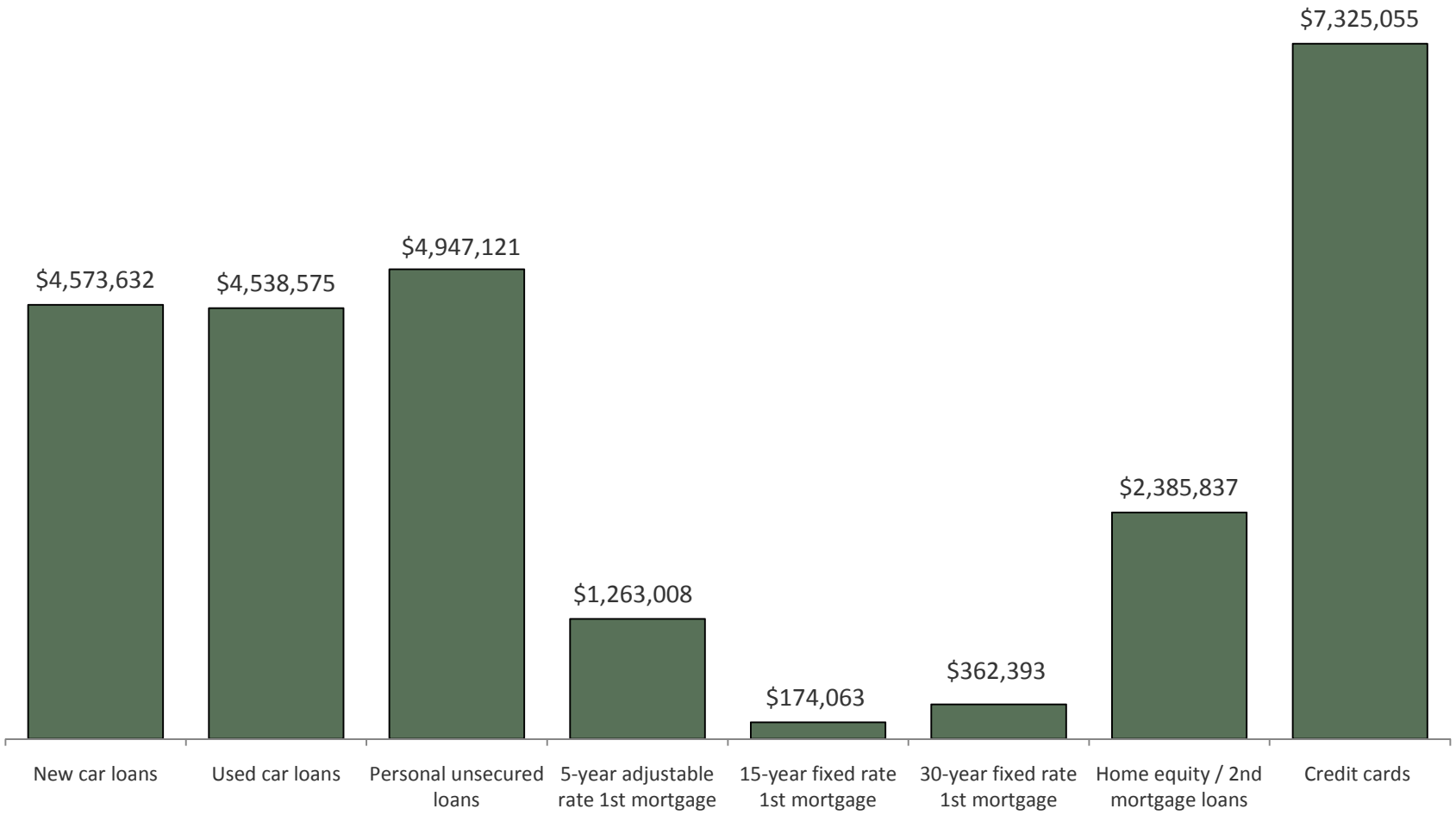
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.91	4.33	-1.42
48-month used car (A paper)	2.98	4.43	-1.45
Unsecured loan (A paper)	6.90	7.73	-0.83
5-year adjustable rate 1st mortgage, 0 pts	2.99	3.16	-0.17
15-year fixed rate 1st mortgage, 0 pts	3.69	3.75	-0.06
30-year fixed rate 1st mortgage, 0 pts	4.55	4.60	-0.05
Home equity / 2nd mtg, 80% LTV 0 pts	4.43	4.73	-0.30
Credit card - classic	11.44	15.98	-4.54
Credit card - gold	10.37	10.91	-0.54
Savings Products			
Regular savings, $1,000 balance	0.19	0.13	0.06
Share draft checking, $5,000 balance	0.21	0.08	0.13
Money market accounts	0.20	0.13	0.07
1 Year certificate $10,000 balance	0.49	0.32	0.17
Retirement (IRA) accounts	0.35	0.23	0.12
Fee Income			
Share draft checking, NSF fee	$27.20	$29.51	-$2.31
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 Unions' Total Loan Rate Benefits

Compared to State Banking Institutions

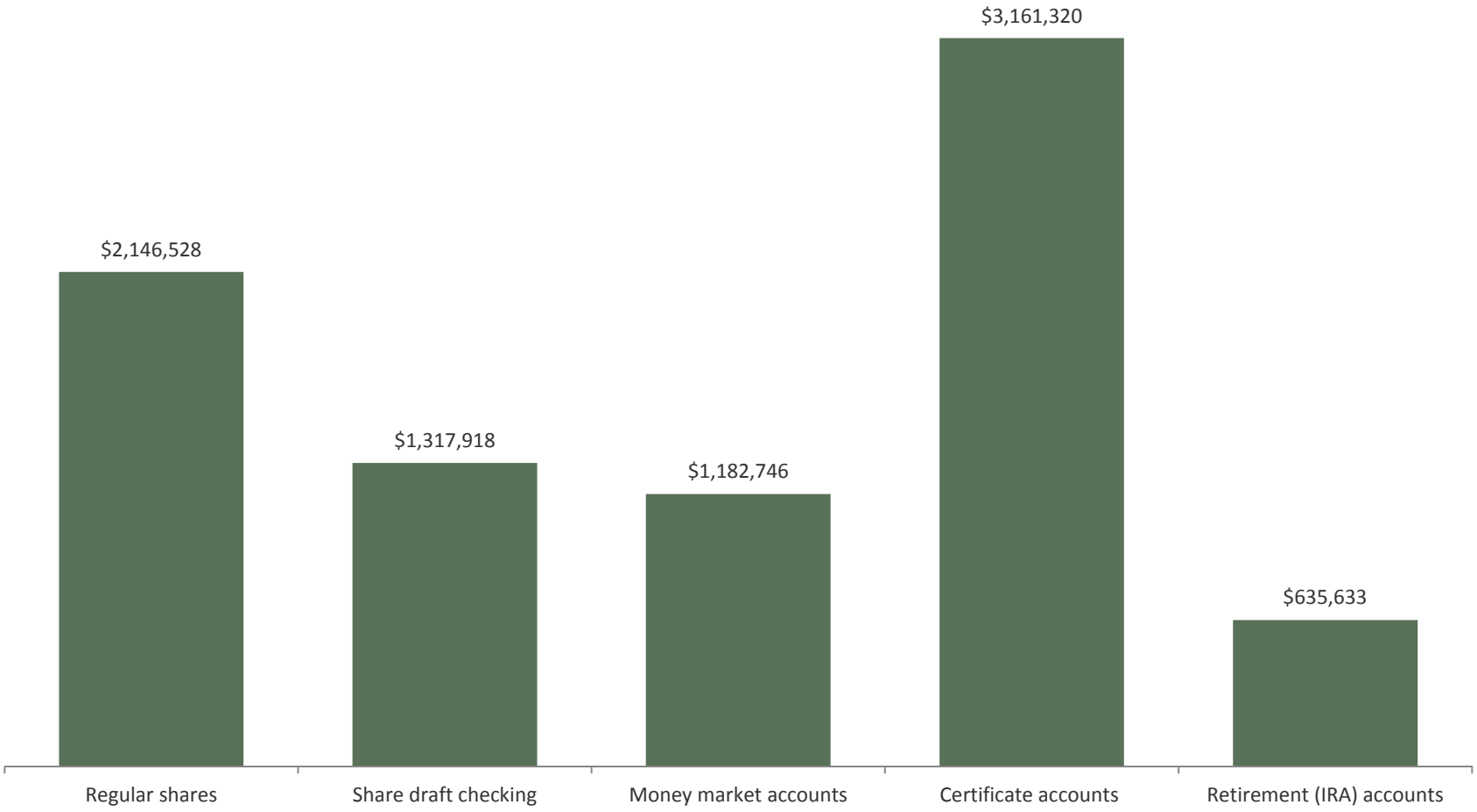
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Hawaii Credit Unions

Year-End 2013

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Hawaii Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	322,086,777	-1.42	$4,573,632
Used car loans	313,005,154	-1.45	$4,538,575
Personal unsecured loans	596,038,697	-0.83	$4,947,121
5-year adjustable rate 1st mortgage	742,945,717	-0.17	$1,263,008
15-year fixed rate 1st mortgage	290,104,839	-0.06	$174,063
30-year fixed rate 1st mortgage	724,785,814	-0.05	$362,393
Home equity / 2nd mortgage loans	795,278,882	-0.30	$2,385,837
Credit cards	206,922,456	-4.54	$7,325,055
Interest rebates in period			$691,338
Total CU member benefits arising from lower interest rates on loan products:			$26,261,021
Savings			
Regular shares	3,577,545,978	0.06	$2,146,528
Share draft checking	1,013,783,427	0.13	$1,317,918
Money market accounts	1,689,637,129	0.07	$1,182,746
Certificate accounts	1,859,599,908	0.17	$3,161,320
Retirement (IRA) accounts	529,694,546	0.12	$635,633
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$8,444,145
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$6,330,216
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$41,035,382
Total CU member benefit / member:			$47
Total CU member benefit / member household:			$90

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2013 and year-end 2012, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Hawaii
Performance Profile

Demographic Information	Dec 13	Dec 12
Number of branches	179	183
Total assets ($ mil)	10,095	9,921
Total loans ($ mil)	4,160	4,126
Total surplus funds ($ mil)	5,578	5,429
Total savings ($ mil)	8,911	8,735
Total members (thousands)	875	864
Growth Rates (Trailing 12 months) *		
Total assets	1.9 %	3.3 %
Total loans	1.0 %	-2.4 %
Total surplus funds	2.9 %	8.7 %
Total savings	2.2 %	3.1 %
Total members	1.6 %	0.5 %
Earnings - Basis Pts. *		
Yield on total assets	289	324
Dividend/interest cost of assets	37	49
Fee & other income	88	85
Operating expense	288	291
Loss Provisions	12	22
Net Income (ROA) after stabilization exp	40	46
Capital adequacy		
Net worth / assets	10.8	10.6
Asset quality *		
Delinquencies / loans	1.3	1.3
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	6	9
Bankruptcies per 1000 members	0.5	0.8
Asset/Liability Management		
Loans / savings	46.7	47.2
Loans / assets	41.2	41.6
Long-term assets / assets	39.5	34.8
Core deposits/shares & borrowings	53.4	51.4
Productivity		
Members/potential members	9.6	9.7
Borrowers/members	33.1	33.5
Members/FTE	403	386
Average shares/members ($)	10,185	10,111
Average loan balances ($)	14,372	14,240
Salary & Benefits/FTE	63,268	59,780

*** 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.**