The Benefits of Membership

Customized Analysis of Member Benefits For:

Connecticut

June 2014

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Economics and Statistics Department

Connecticut

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 Connecticut credit unions provided $57,586,366 in direct financial benefits to the state's 851,203 members during the twelve months ending June 2014.

These benefits are equivalent to $68 per member or $129 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 Connecticut 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 Connecticut credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Connecticut credit union will save members an average $336 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.

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

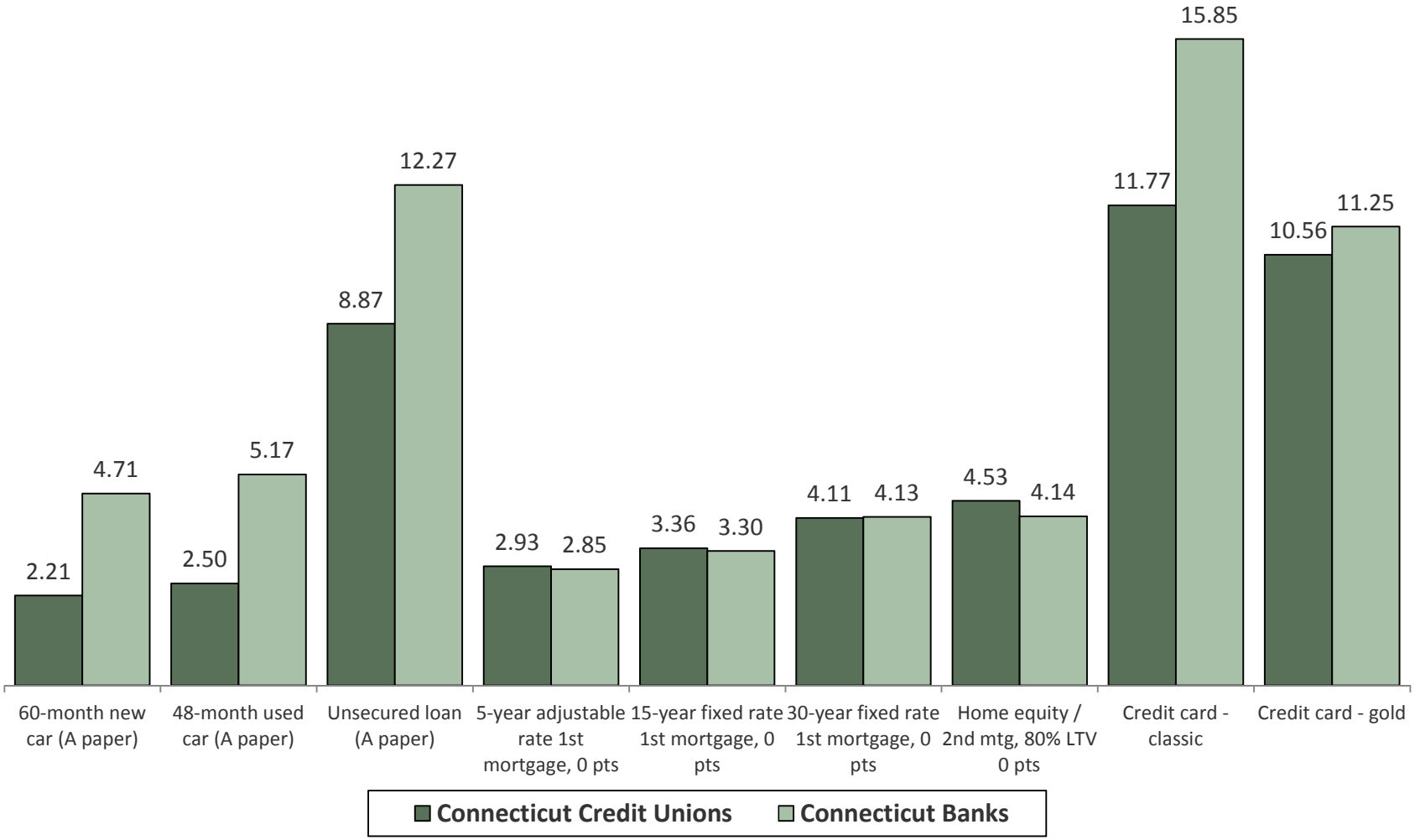
Connecticut credit unions also pay members higher average dividends on the following accounts: money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

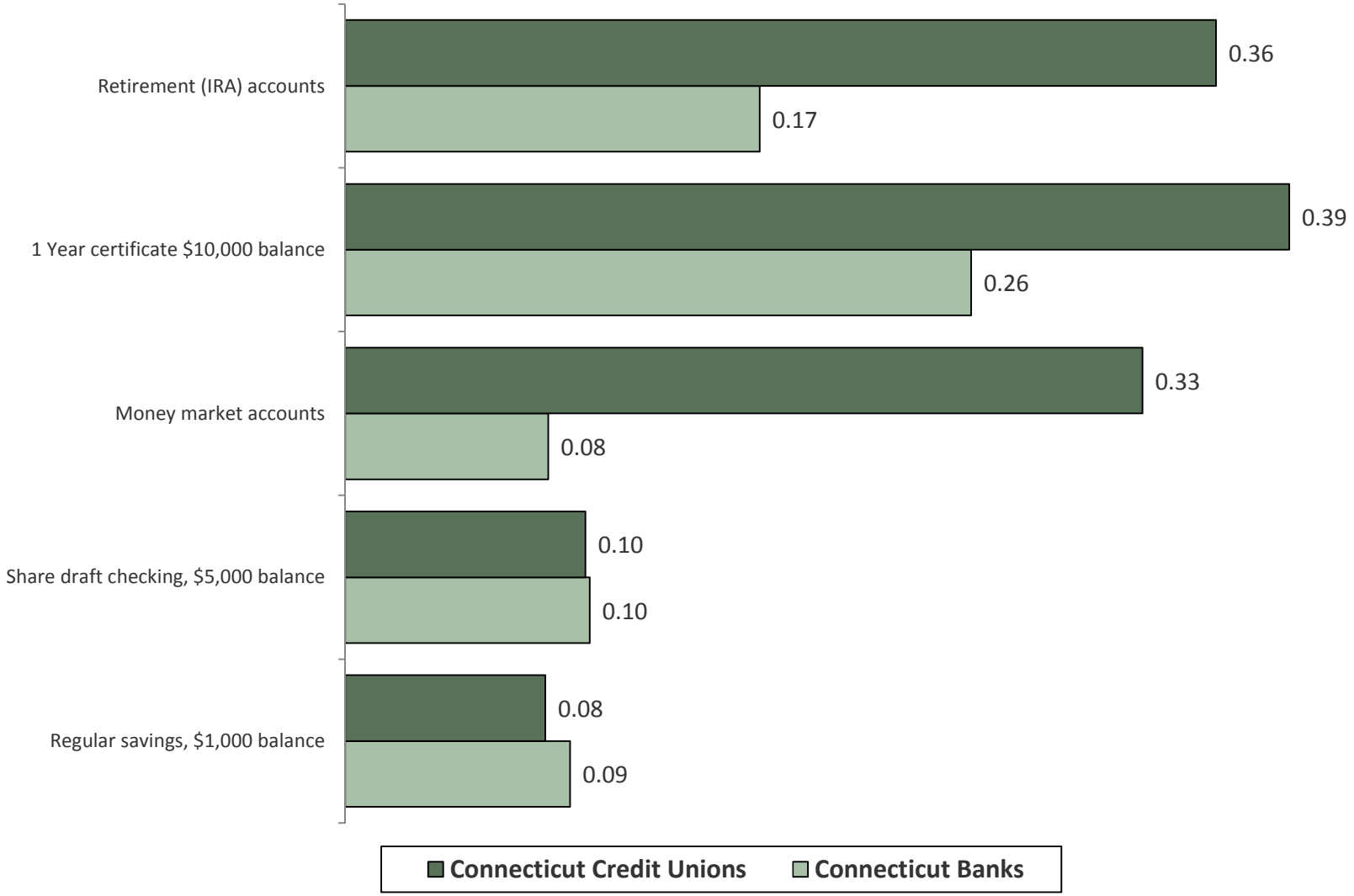
Loan Product Comparative Interest Rates (%)

By Loan Type



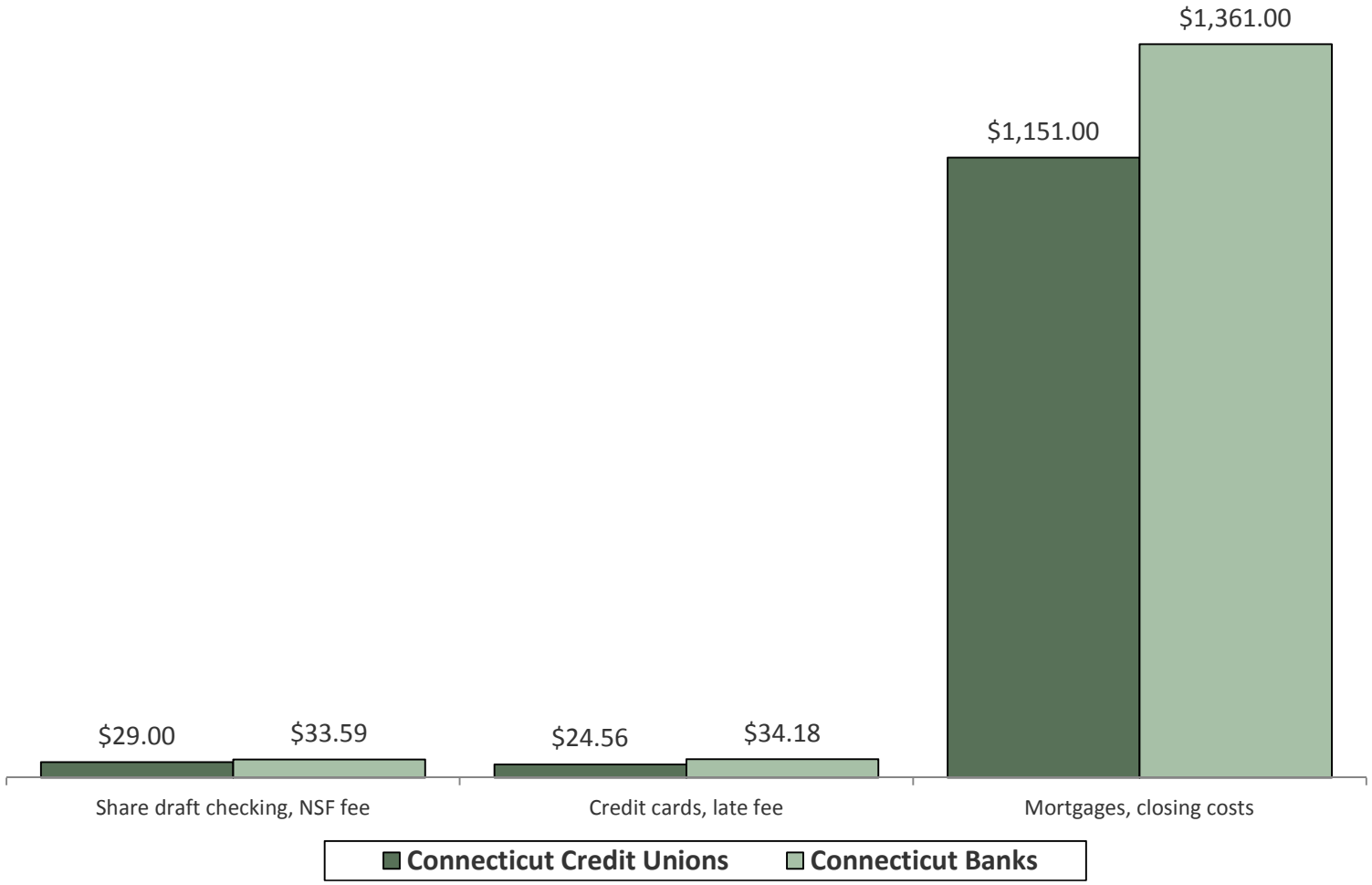
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Connecticut
Credit Union and Banking Instituion
Mid-Year 2014 Average Interest Rates and Fees

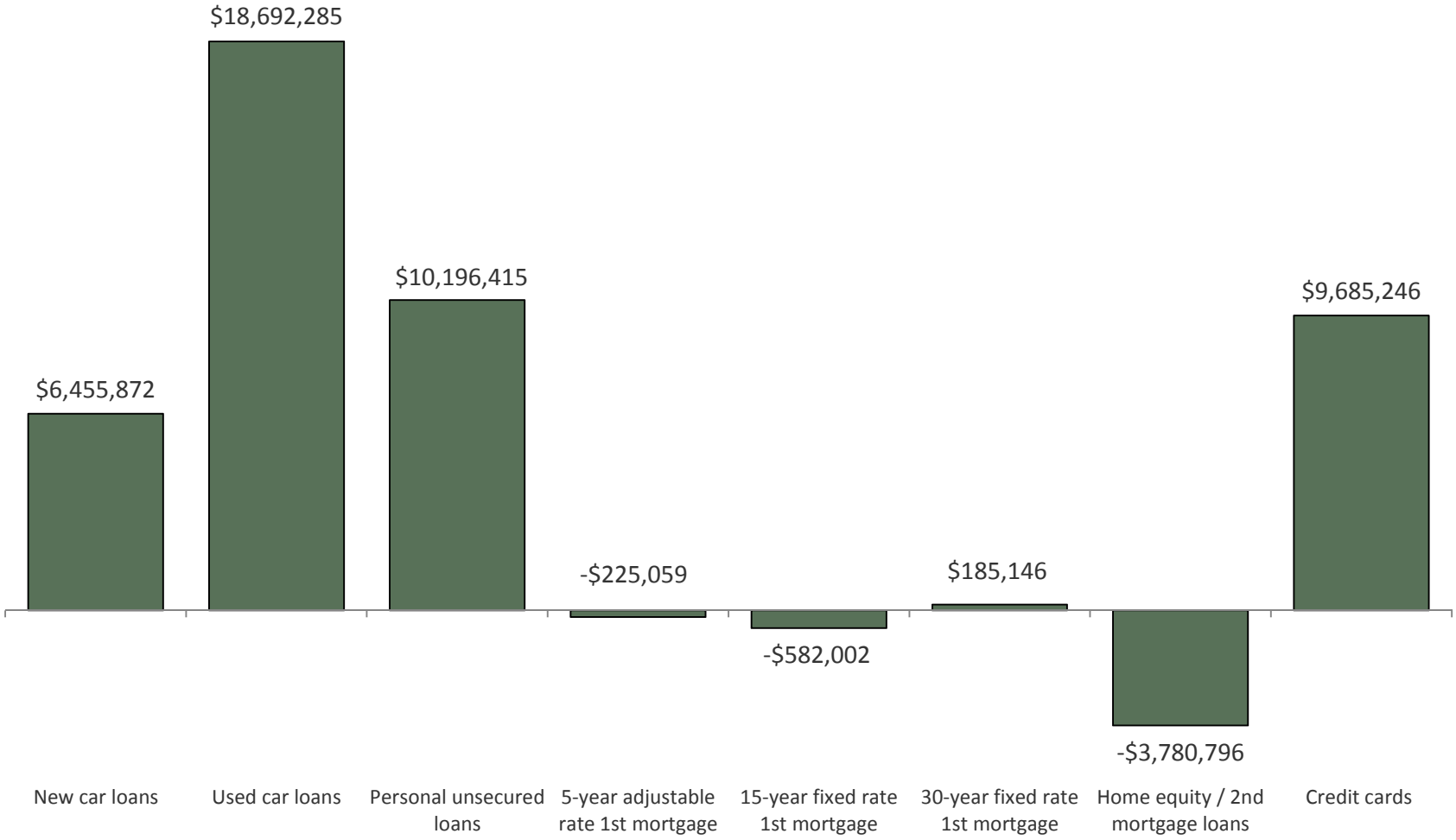
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.21	4.71	-2.50
48-month used car (A paper)	2.50	5.17	-2.67
Unsecured loan (A paper)	8.87	12.27	-3.41
5-year adjustable rate 1st mortgage, 0 pts	2.93	2.85	0.07
15-year fixed rate 1st mortgage, 0 pts	3.36	3.30	0.06
30-year fixed rate 1st mortgage, 0 pts	4.11	4.13	-0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.53	4.14	0.39
Credit card - classic	11.77	15.85	-4.08
Credit card - gold	10.56	11.25	-0.69
Savings Products			
Regular savings, $1,000 balance	0.08	0.09	-0.01
Share draft checking, $5,000 balance	0.10	0.10	0.00
Money market accounts	0.33	0.08	0.25
1 Year certificate $10,000 balance	0.39	0.26	0.13
Retirement (IRA) accounts	0.36	0.17	0.19
Fee Income			
Share draft checking, NSF fee	$29.00	$33.59	-$4.59
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

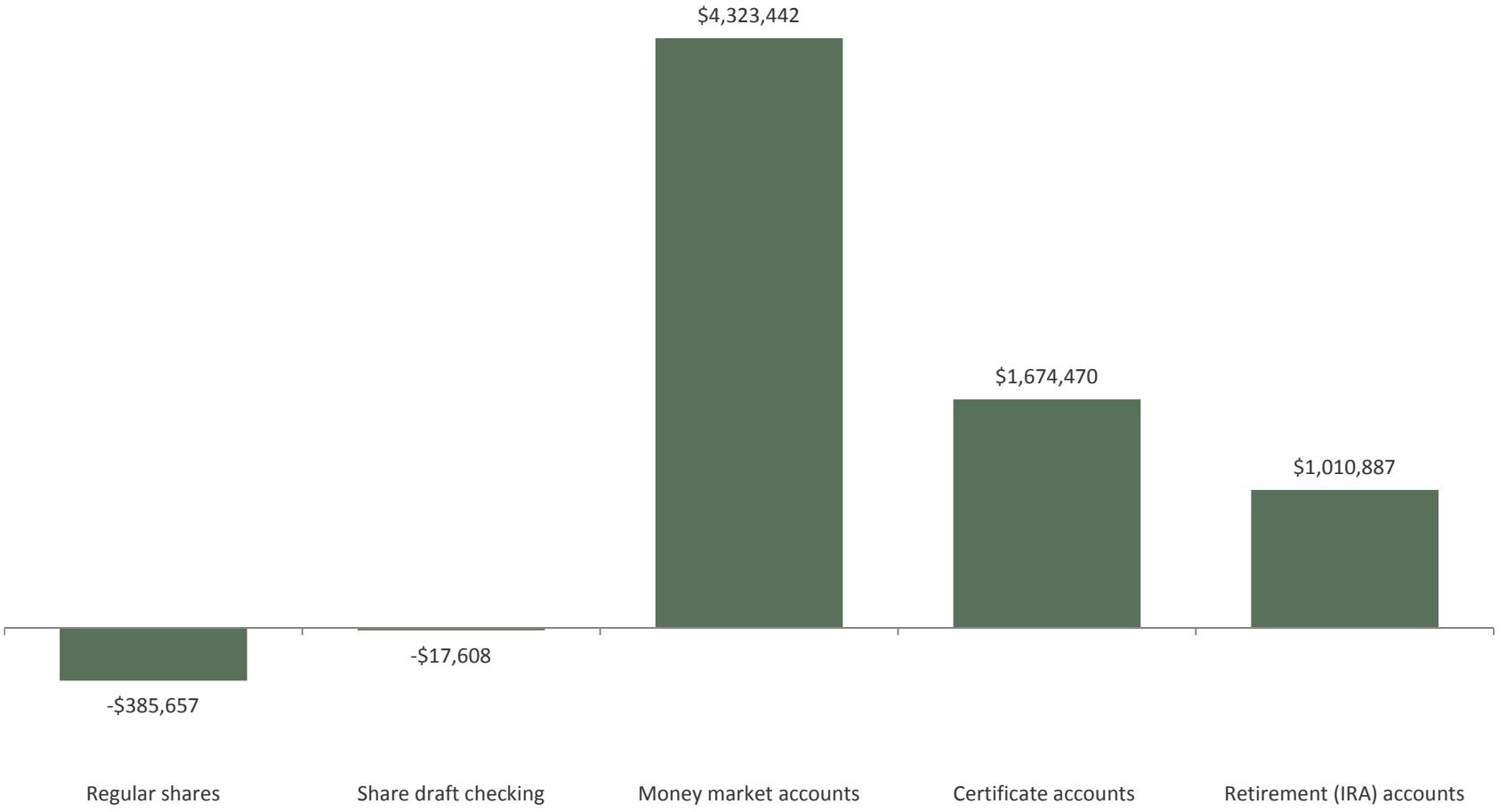
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Connecticut Credit Unions

Mid-Year 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Connecticut Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	257,925,359	-2.50	$6,455,872
Used car loans	700,347,877	-2.67	$18,692,285
Personal unsecured loans	299,366,269	-3.41	$10,196,415
5-year adjustable rate 1st mortgage	304,133,527	0.07	-$225,059
15-year fixed rate 1st mortgage	923,813,329	0.06	-$582,002
30-year fixed rate 1st mortgage	771,442,372	-0.02	$185,146
Home equity / 2nd mortgage loans	982,024,845	0.39	-$3,780,796
Credit cards	299,620,902	-4.08	$9,685,246
Interest rebates in period			$2,211
Total CU member benefits arising from lower interest rates on loan products:			$40,629,318
Savings			
Regular shares	3,761,931,928	-0.01	-$385,657
Share draft checking	953,791,774	0.00	-$17,608
Money market accounts	1,748,718,740	0.25	$4,323,442
Certificate accounts	1,265,237,781	0.13	$1,674,470
Retirement (IRA) accounts	532,635,665	0.19	$1,010,887
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$6,605,534
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$10,351,515
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$57,586,366
Total CU member benefit / member:			$68
Total CU member benefit / member household:			$129

Source: Datatrac, NCUA, and CUNA

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

Connecticut
Performance Profile

Demographic Information	Jun 14	Jun 13
Number of branches	276	272
Total assets ($ mil)	9,440	9,397
Total loans ($ mil)	4,789	4,549
Total surplus funds ($ mil)	4,335	4,546
Total savings ($ mil)	8,378	8,351
Total members (thousands)	852	863
Growth Rates (Trailing 12 months) *		
Total assets	1.2 %	2.8 %
Total loans	5.8 %	1.6 %
Total surplus funds	-3.7 %	3.4 %
Total savings	1.0 %	2.7 %
Total members	0.1 %	0.3 %
Earnings - Basis Pts. *		
Yield on total assets	283	288
Dividend/interest cost of assets	40	47
Fee & other income	95	101
Operating expense	295	295
Loss Provisions	18	15
Net Income (ROA) after stabilization exp	26	32
Capital adequacy		
Net worth / assets	10.0	9.8
Asset quality *		
Delinquencies / loans	0.9	1.0
Net chargeoffs / average loans	0.4	0.4
Total borrower-bankruptcies	4	3
Bankruptcies per 1000 members	0.6	0.5
Asset/Liability Management		
Loans / savings	57.2	54.5
Loans / assets	50.7	48.4
Long-term assets / assets	39.9	41.6
Core deposits/shares & borrowings	56.9	55.5
Productivity		
Members/potential members	4.7	4.7
Borrowers/members	43.0	40.9
Members/FTE	430	437
Average shares/members ($)	9,837	9,674
Average loan balances ($)	13,073	12,874
Salary & Benefits/FTE	73,976	72,868

*** 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.**