The Benefits of Membership

Customized Analysis of Member Benefits For:

Hawaii

March 2014

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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 $37,906,086 in direct financial benefits to the state's 869,411 members during the twelve months ending March 2014.

These benefits are equivalent to $44 per member or $83 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 $189 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-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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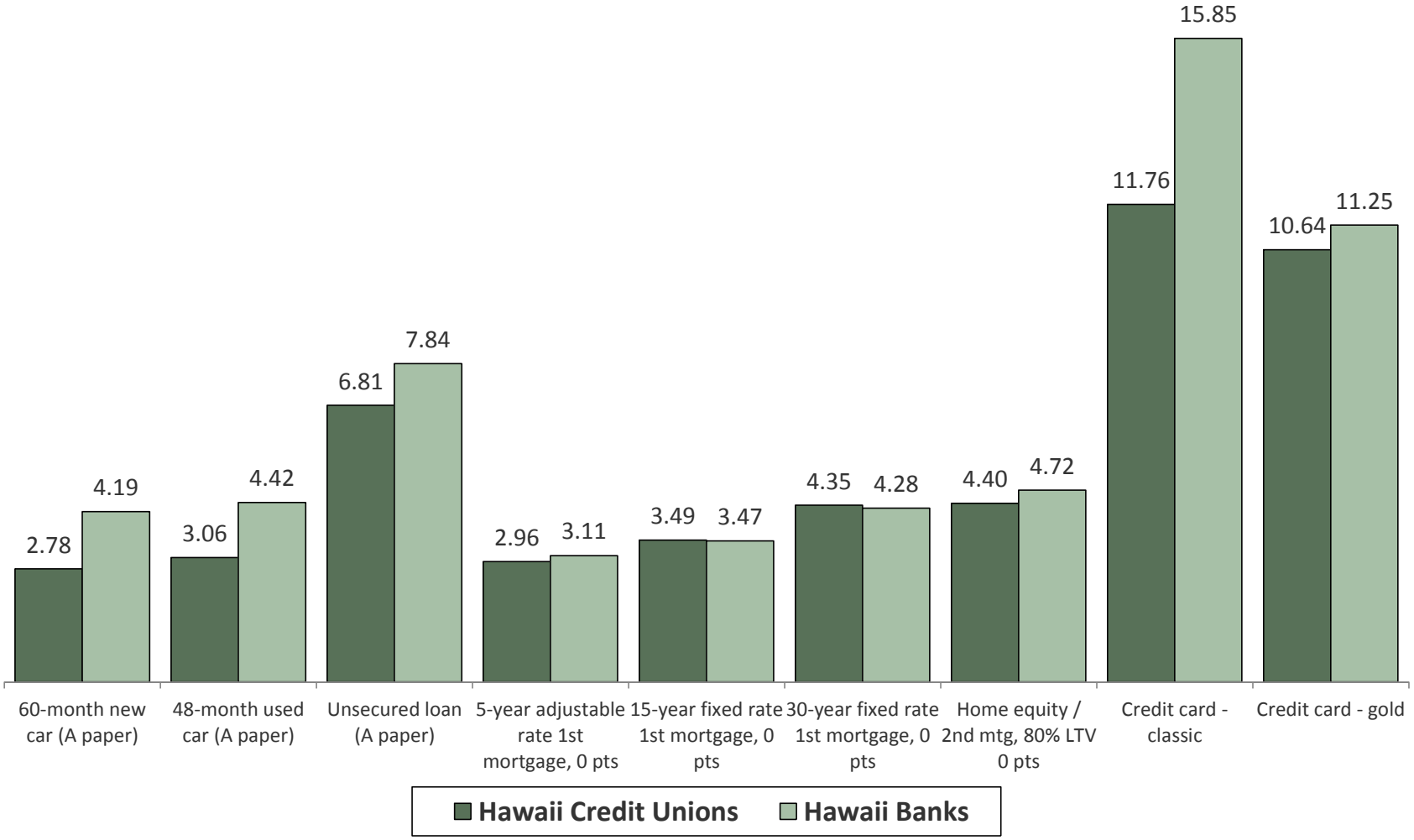
Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

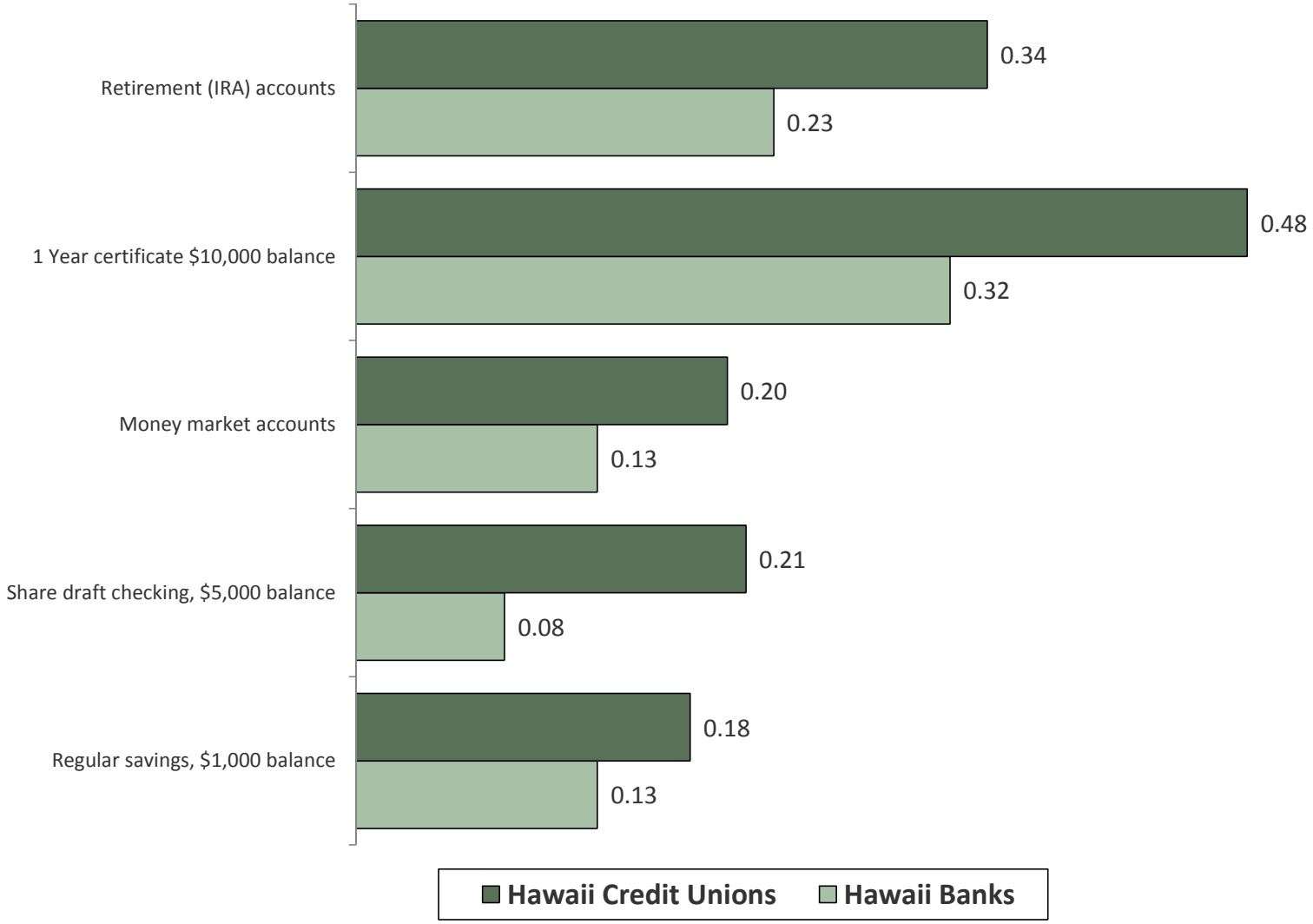
Loan Product Comparative Interest Rates (%)

By Loan Type



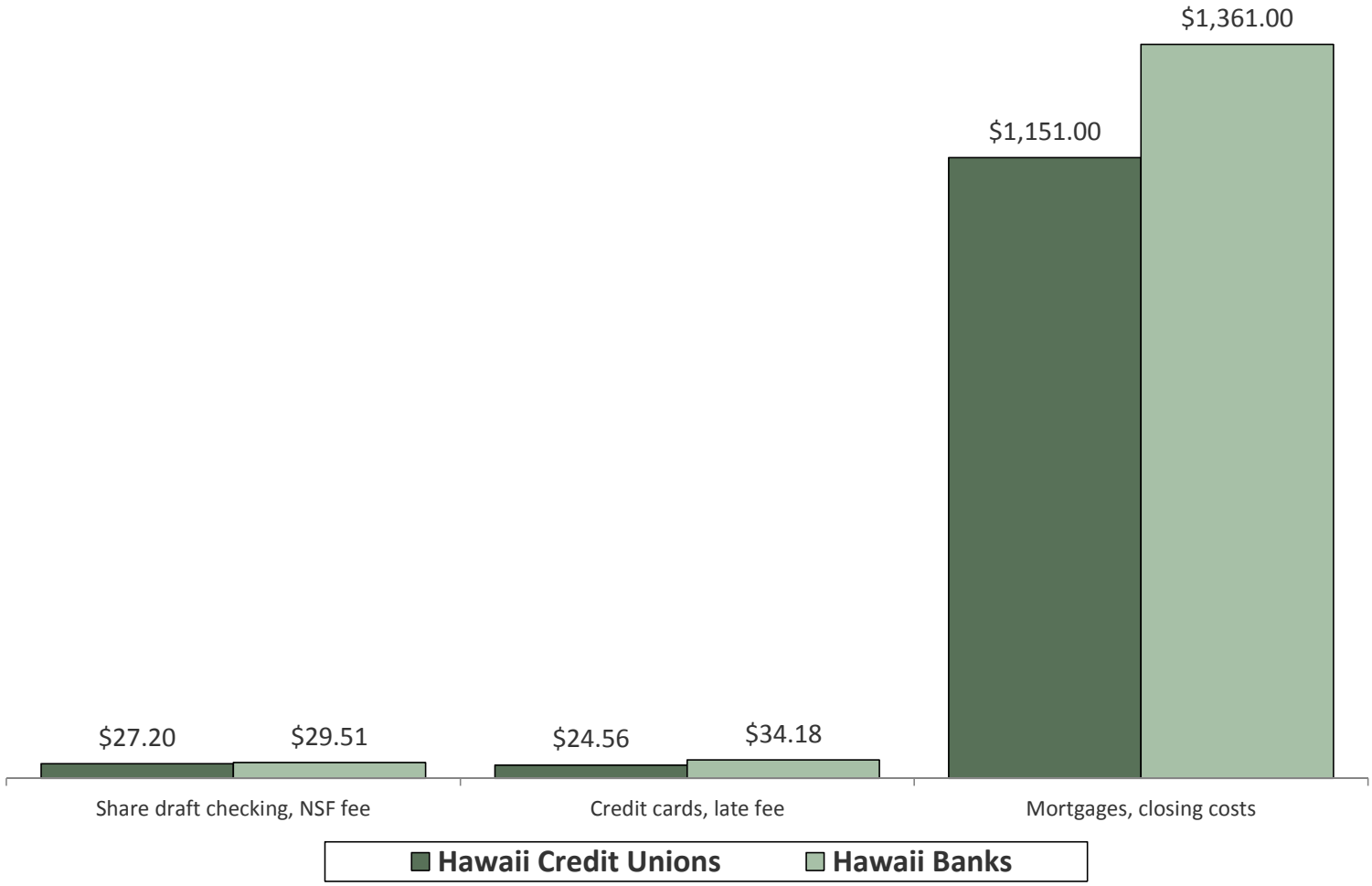
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Hawaii

Credit Union and Banking Instituion

First-Quarter 2014 Average Interest Rates and Fees

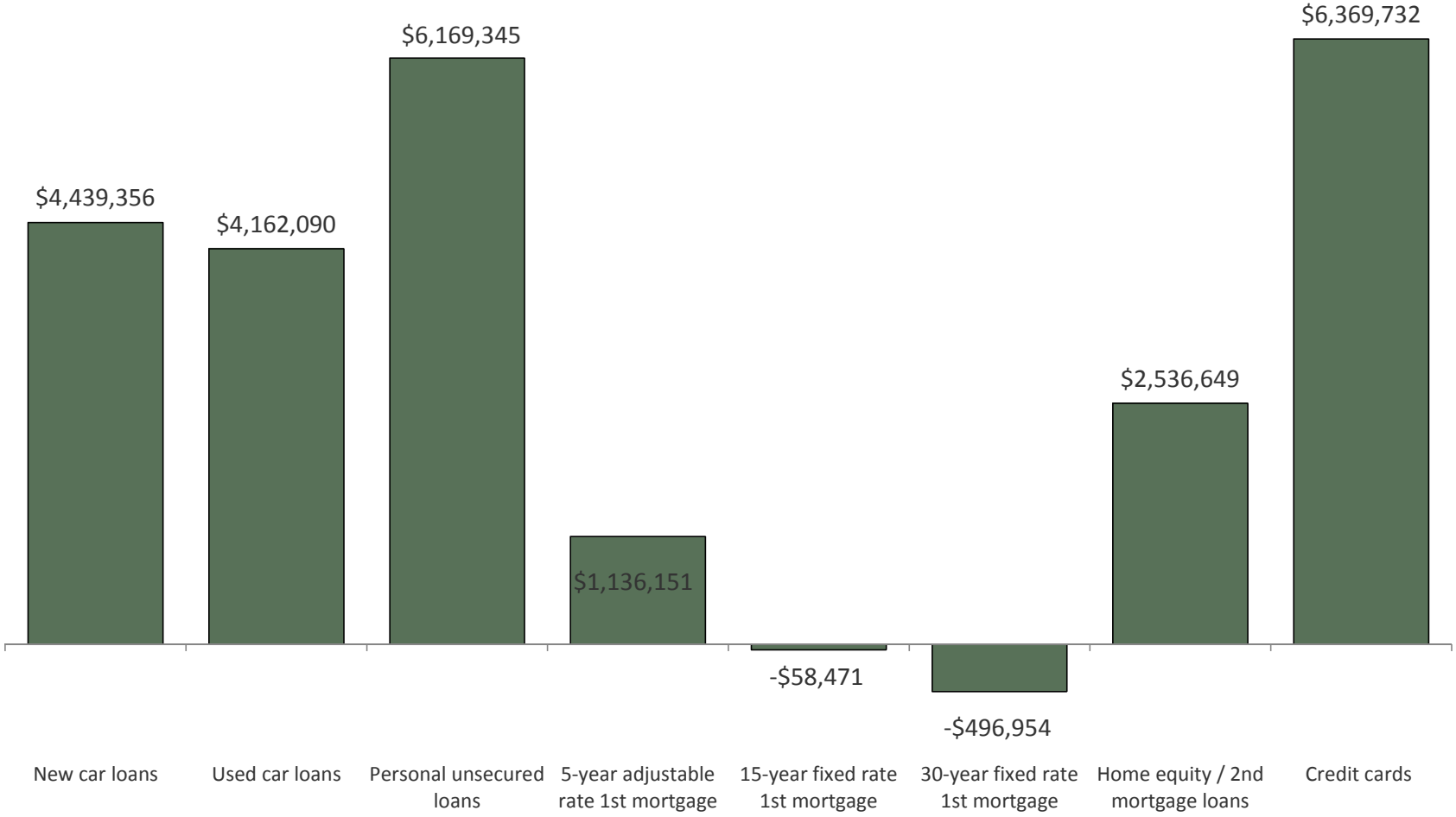
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.78	4.19	-1.41
48-month used car (A paper)	3.06	4.42	-1.36
Unsecured loan (A paper)	6.81	7.84	-1.03
5-year adjustable rate 1st mortgage, 0 pts	2.96	3.11	-0.15
15-year fixed rate 1st mortgage, 0 pts	3.49	3.47	0.02
30-year fixed rate 1st mortgage, 0 pts	4.35	4.28	0.07
Home equity / 2nd mtg, 80% LTV 0 pts	4.40	4.72	-0.32
Credit card - classic	11.76	15.85	-4.09
Credit card - gold	10.64	11.25	-0.61
Savings Products			
Regular savings, $1,000 balance	0.18	0.13	0.05
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	0.48	0.32	0.16
Retirement (IRA) accounts	0.34	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

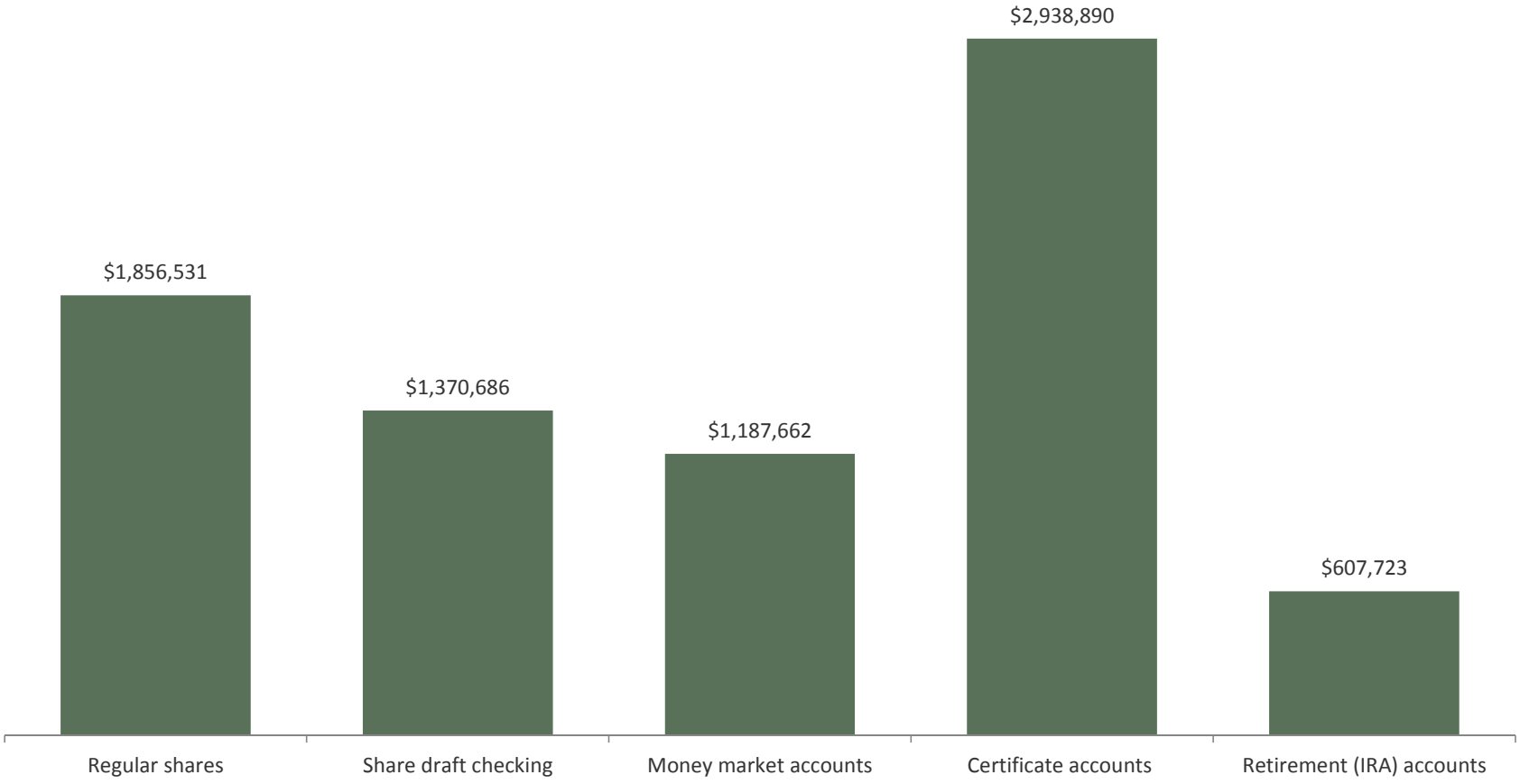
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Hawaii Credit Unions

First-Quarter 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Hawaii Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	314,847,959	-1.41	$4,439,356
Used car loans	306,036,022	-1.36	$4,162,090
Personal unsecured loans	598,965,541	-1.03	$6,169,345
5-year adjustable rate 1st mortgage	757,434,029	-0.15	$1,136,151
15-year fixed rate 1st mortgage	292,357,056	0.02	-$58,471
30-year fixed rate 1st mortgage	709,934,191	0.07	-$496,954
Home equity / 2nd mortgage loans	792,702,898	-0.32	$2,536,649
Credit cards	197,817,751	-4.09	$6,369,732
Interest rebates in period			$51,173
Total CU member benefits arising from lower interest rates on loan products:			$24,309,071
Savings			
Regular shares	3,713,062,028	0.05	$1,856,531
Share draft checking	1,054,374,227	0.13	$1,370,686
Money market accounts	1,696,660,215	0.07	$1,187,662
Certificate accounts	1,836,806,438	0.16	$2,938,890
Retirement (IRA) accounts	528,454,784	0.12	$607,723
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$7,961,493
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$5,635,522
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$37,906,086
Total CU member benefit / member:			$44
Total CU member benefit / member household:			$83

Source: Datatrac, NCUA, and CUNA

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

Hawaii
Performance Profile

Demographic Information	Mar 14	Mar 13
Number of branches	177	184
Total assets ($ mil)	10,262	10,071
Total loans ($ mil)	4,162	4,071
Total surplus funds ($ mil)	5,730	5,636
Total savings ($ mil)	9,059	8,877
Total members (thousands)	878	867
Growth Rates (Trailing 12 months) *		
Total assets	2.5 %	2.7 %
Total loans	2.8 %	-2.7 %
Total surplus funds	2.3 %	7.2 %
Total savings	2.6 %	2.4 %
Total members	2.0 %	0.4 %
Earnings - Basis Pts. *		
Yield on total assets	281	293
Dividend/interest cost of assets	32	39
Fee & other income	106	89
Operating expense	268	283
Loss Provisions	7	9
Net Income (ROA) after stabilization exp	80	52
Capital adequacy		
Net worth / assets	10.8	10.5
Asset quality *		
Delinquencies / loans	1.0	1.2
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	2	2
Bankruptcies per 1000 members	0.2	0.2
Asset/Liability Management		
Loans / savings	45.9	45.9
Loans / assets	40.6	40.4
Long-term assets / assets	39.7	36.2
Core deposits/shares & borrowings	54.4	52.3
Productivity		
Members/potential members	9.9	9.8
Borrowers/members	32.5	32.8
Members/FTE	404	388
Average shares/members ($)	10,319	10,235
Average loan balances ($)	14,601	14,306
Salary & Benefits/FTE	61,275	60,987

*** 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.**