The Benefits of Membership

Customized Analysis of Member Benefits For:

Rhode Island

September 2014

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Rhode Island

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 Rhode Island credit unions provided $29,419,833 in direct financial benefits to the state's 344,732 members during the twelve months ending September 2014.

These benefits are equivalent to $85 per member or $162 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 Rhode Island 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 Rhode Island credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Rhode Island credit union will save members an average $281 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.

Rhode Island credit unions excel in providing member benefits on many loan and savings products. In particular, Rhode Island 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.

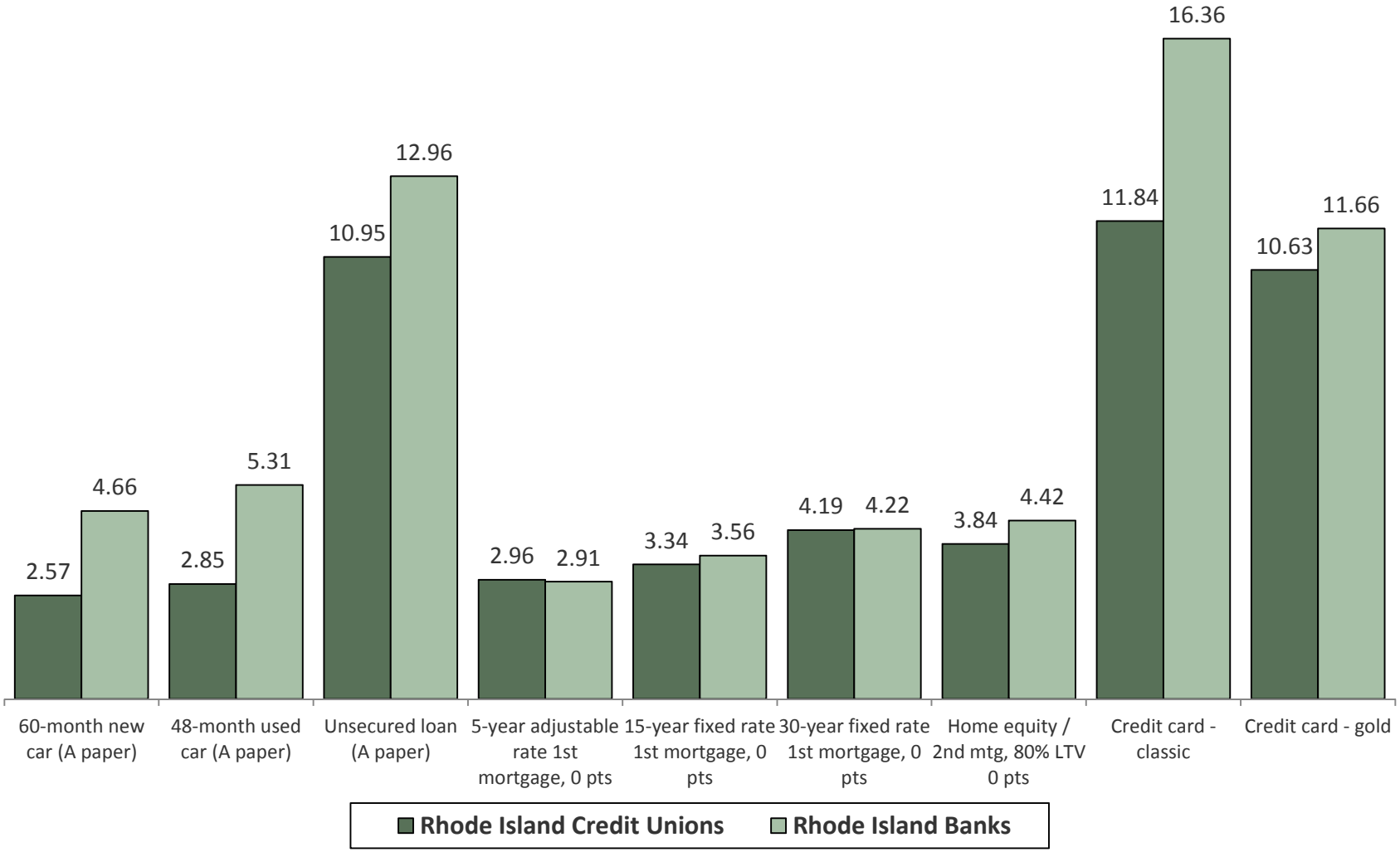
Rhode Island credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

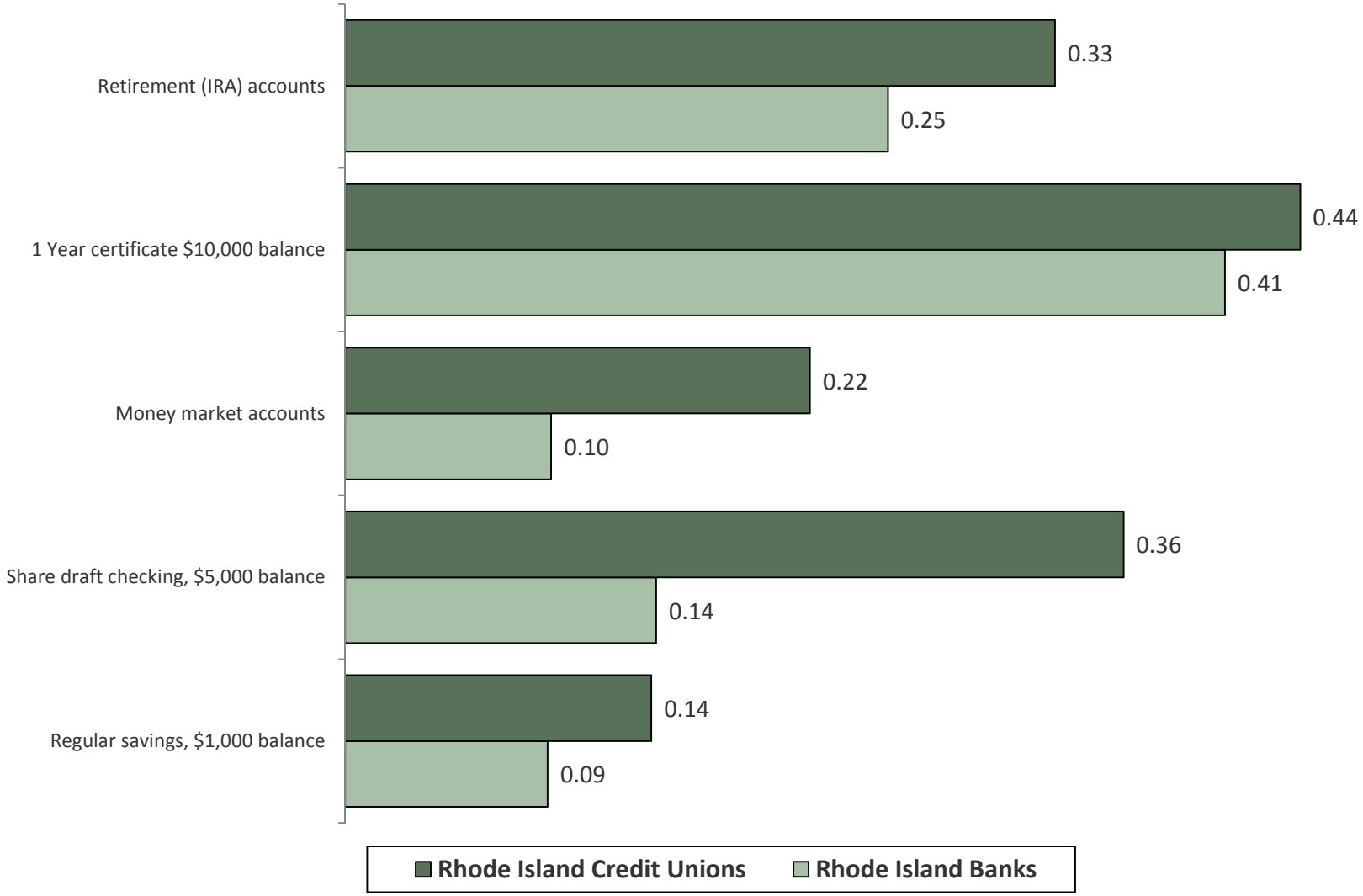
Loan Product Comparative Interest Rates (%)

By Loan Type



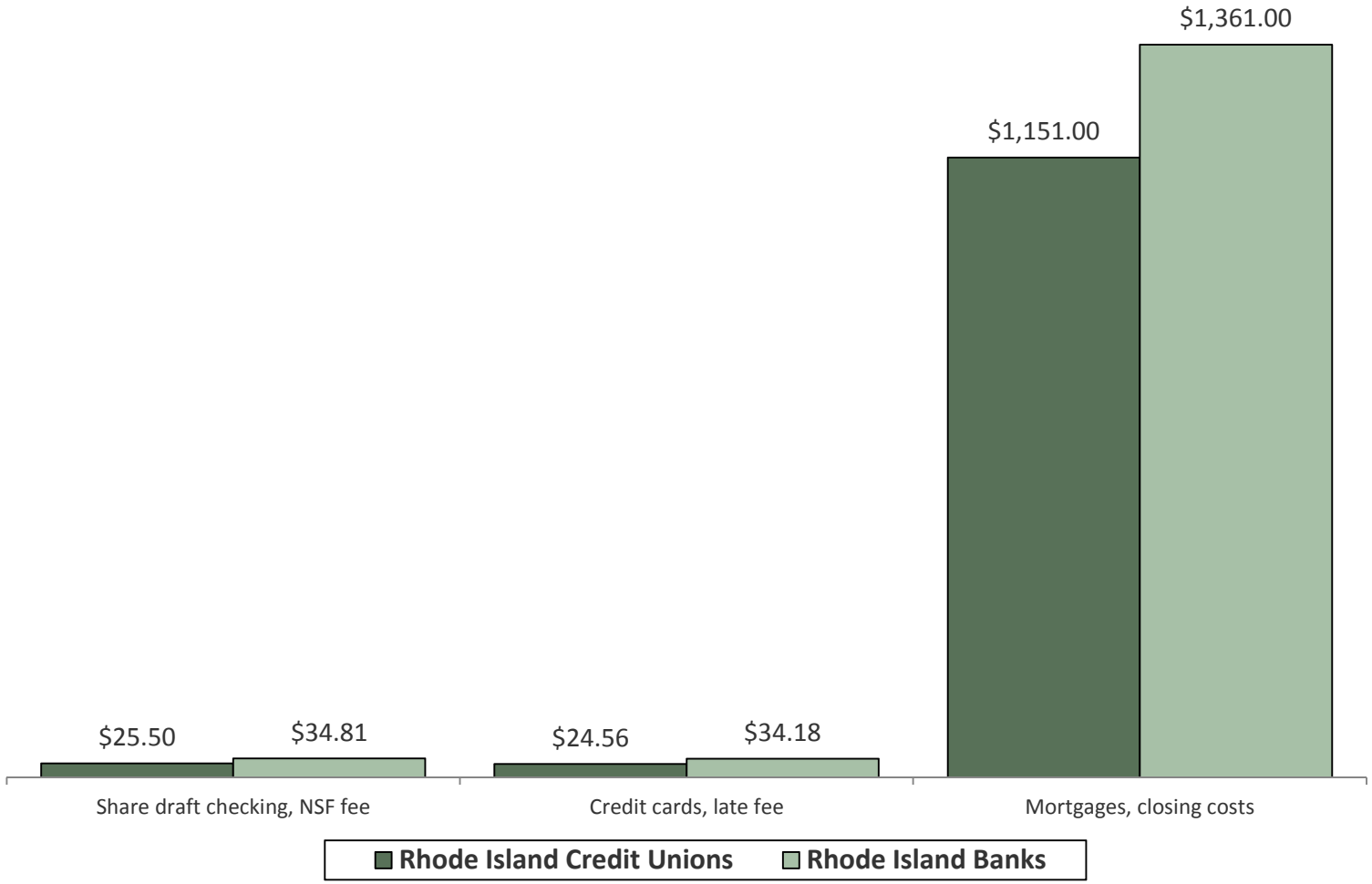
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Rhode Island
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

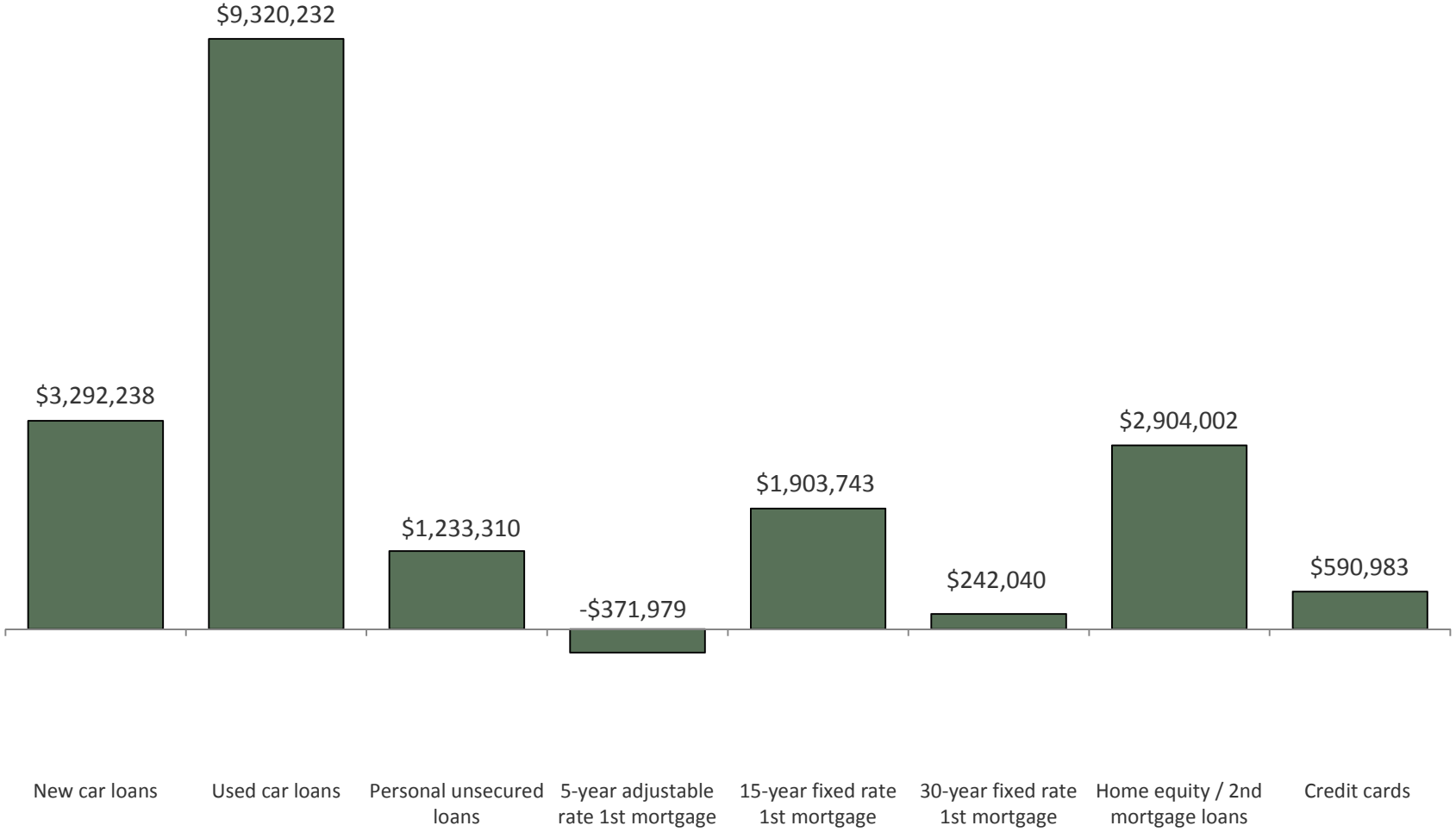
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.57	4.66	-2.09
48-month used car (A paper)	2.85	5.31	-2.45
Unsecured loan (A paper)	10.95	12.96	-2.00
5-year adjustable rate 1st mortgage, 0 pts	2.96	2.91	0.04
15-year fixed rate 1st mortgage, 0 pts	3.34	3.56	-0.22
30-year fixed rate 1st mortgage, 0 pts	4.19	4.22	-0.03
Home equity / 2nd mtg, 80% LTV 0 pts	3.84	4.42	-0.58
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	0.14	0.09	0.05
Share draft checking, $5,000 balance	0.36	0.14	0.22
Money market accounts	0.22	0.10	0.12
1 Year certificate $10,000 balance	0.44	0.41	0.03
Retirement (IRA) accounts	0.33	0.25	0.08
Fee Income			
Share draft checking, NSF fee	$25.50	$34.81	-$9.31
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

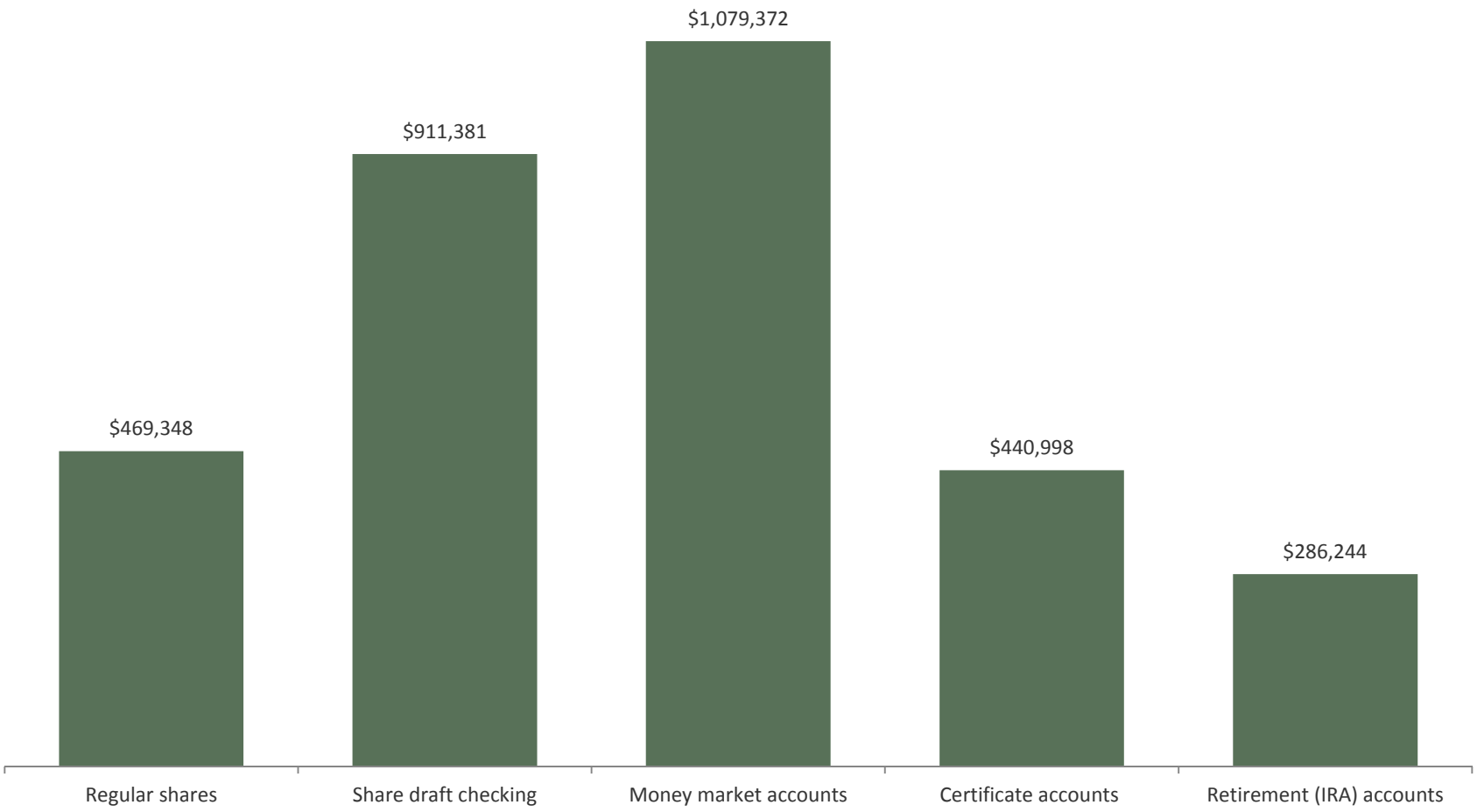
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Rhode Island Credit Unions

September 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Rhode Island Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	157,825,401	-2.09	$3,292,238
Used car loans	379,952,397	-2.45	$9,320,232
Personal unsecured loans	61,603,918	-2.00	$1,233,310
5-year adjustable rate 1st mortgage	826,618,914	0.04	-$371,979
15-year fixed rate 1st mortgage	877,300,750	-0.22	$1,903,743
30-year fixed rate 1st mortgage	756,375,254	-0.03	$242,040
Home equity / 2nd mortgage loans	498,969,450	-0.58	$2,904,002
Credit cards	16,202,425	-4.52	$590,983
Interest rebates in period			$0
Total CU member benefits arising from lower interest rates on loan products:			$19,114,570
Savings			
Regular shares	977,191,698	0.05	$469,348
Share draft checking	421,635,397	0.22	$911,381
Money market accounts	901,982,424	0.12	$1,079,372
Certificate accounts	1,267,539,141	0.03	$440,998
Retirement (IRA) accounts	370,642,909	0.08	$286,244
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on savings products:			$3,187,344
Fee Income			
Total CU member benefit arising from fewer / lower fees:			$7,117,918
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			$29,419,833
Total CU member benefit / member:			$85
Total CU member benefit / member household:			$162

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;

Rhode Island
Performance Profile

Demographic Information	Sep 14	Sep 13
Number of branches	66	68
Total assets ($ mil)	5,070	4,877
Total loans ($ mil)	3,882	3,618
Total surplus funds ($ mil)	1,010	1,088
Total savings ($ mil)	4,098	3,948
Total members (thousands)	347	343
Growth Rates (Trailing 12 months) *		
Total assets	4.0 %	6.3 %
Total loans	7.3 %	14.1 %
Total surplus funds	-7.2 %	-13.5 %
Total savings	3.8 %	6.6 %
Total members	1.2 %	6.4 %
Earnings - Basis Pts. *		
Yield on total assets	331	339
Dividend / interest cost of assets	73	79
Fee & other income	70	79
Operating expense	265	285
Loss Provisions	15	16
Net Income (ROA) after stabilization exp	49	38
Capital adequacy		
Net worth / assets	10.5	10.3
Asset quality *		
Delinquencies / loans	0.7	0.7
Net chargeoffs / average loans	0.2	0.2
Total borrower-bankruptcies	14	17
Bankruptcies per 1000 members	0.9	1.0
Asset/Liability Management		
Loans / savings	94.7	91.6
Loans / assets	76.6	74.2
Long-term assets / assets	52.4	54.4
Core deposits/shares & borrowings	32.3	31.1
Productivity		
Members / potential members	9.2	9.1
Borrowers / members	37.3	31.8
Members / FTE	357	346
Average shares / members ($)	11,816	11,521
Average loan balances ($)	30,024	33,166
Salary & Benefits / FTE	71,251	70,586

*** 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.**