The Benefits of Membership

Customized Analysis of Member Benefits For:

Alabama

March 2015

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Economics and Statistics Department

AMERICA'S CREDIT UNIONS™

Alabama

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 Alabama credit unions provided $105,429,436 in direct financial benefits to the state's 1,907,696 members during the twelve months ending March 2015.

These benefits are equivalent to $55 per member or $105 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 Alabama 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 Alabama credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Alabama credit union will save members an average $126 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.

Alabama credit unions excel in providing member benefits on many loan and savings products. In particular, Alabama credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-fixed rate, home equity loans, credit cards loans.

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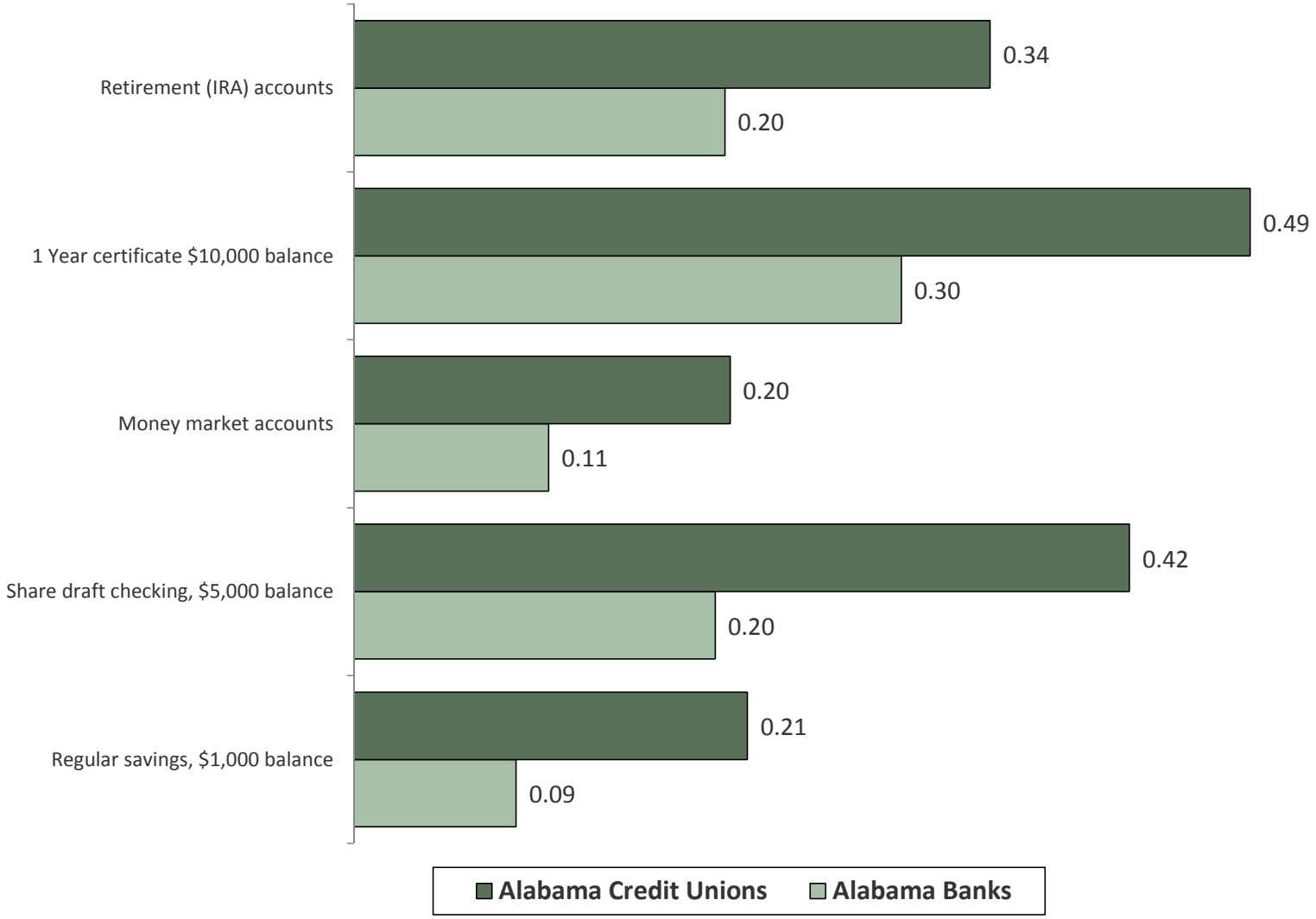
Source: Informa Research Services, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

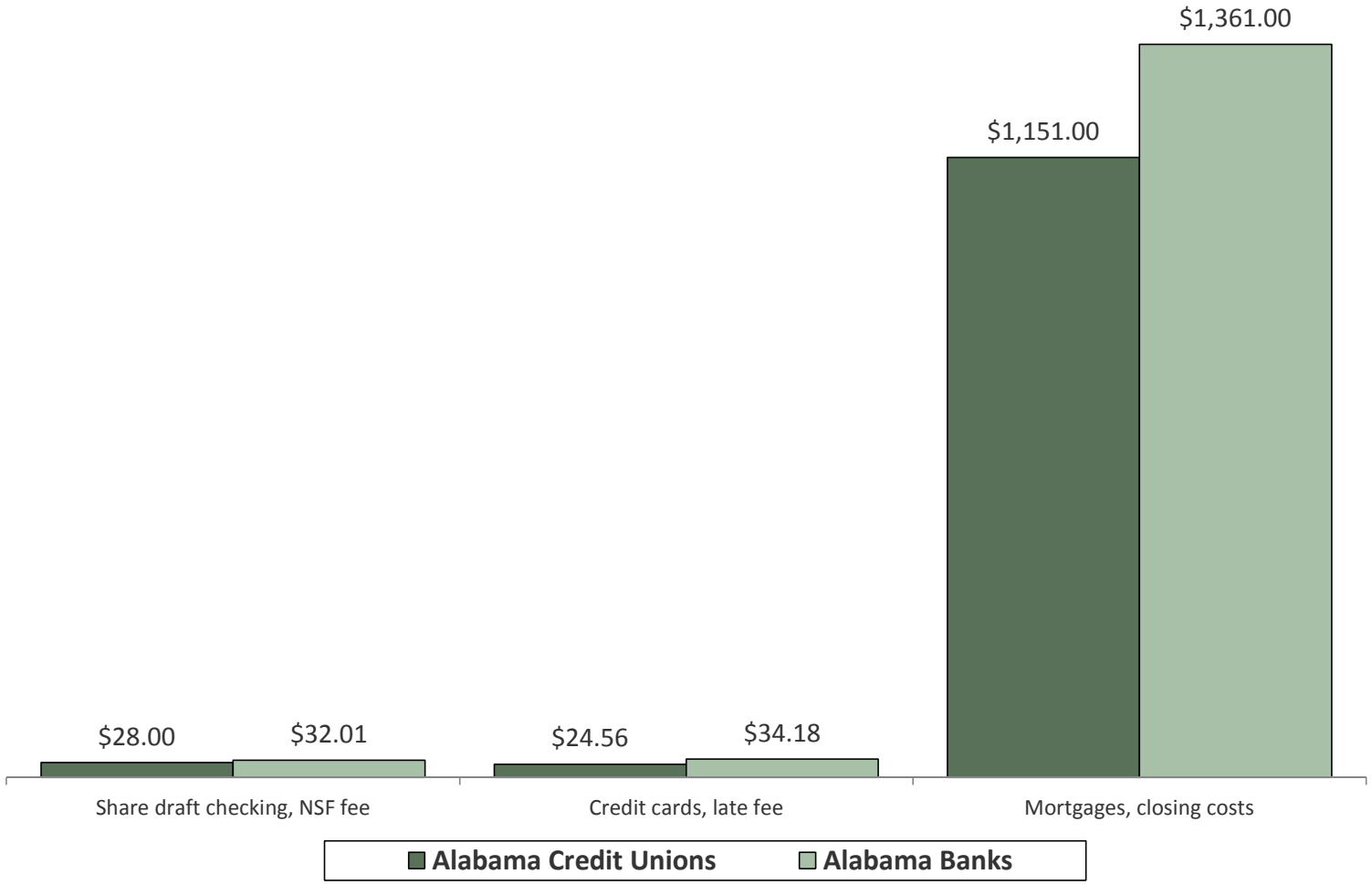
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Alabama

Credit Union and Banking Institution

First-Quarter 2015 Average Interest Rates and Fees

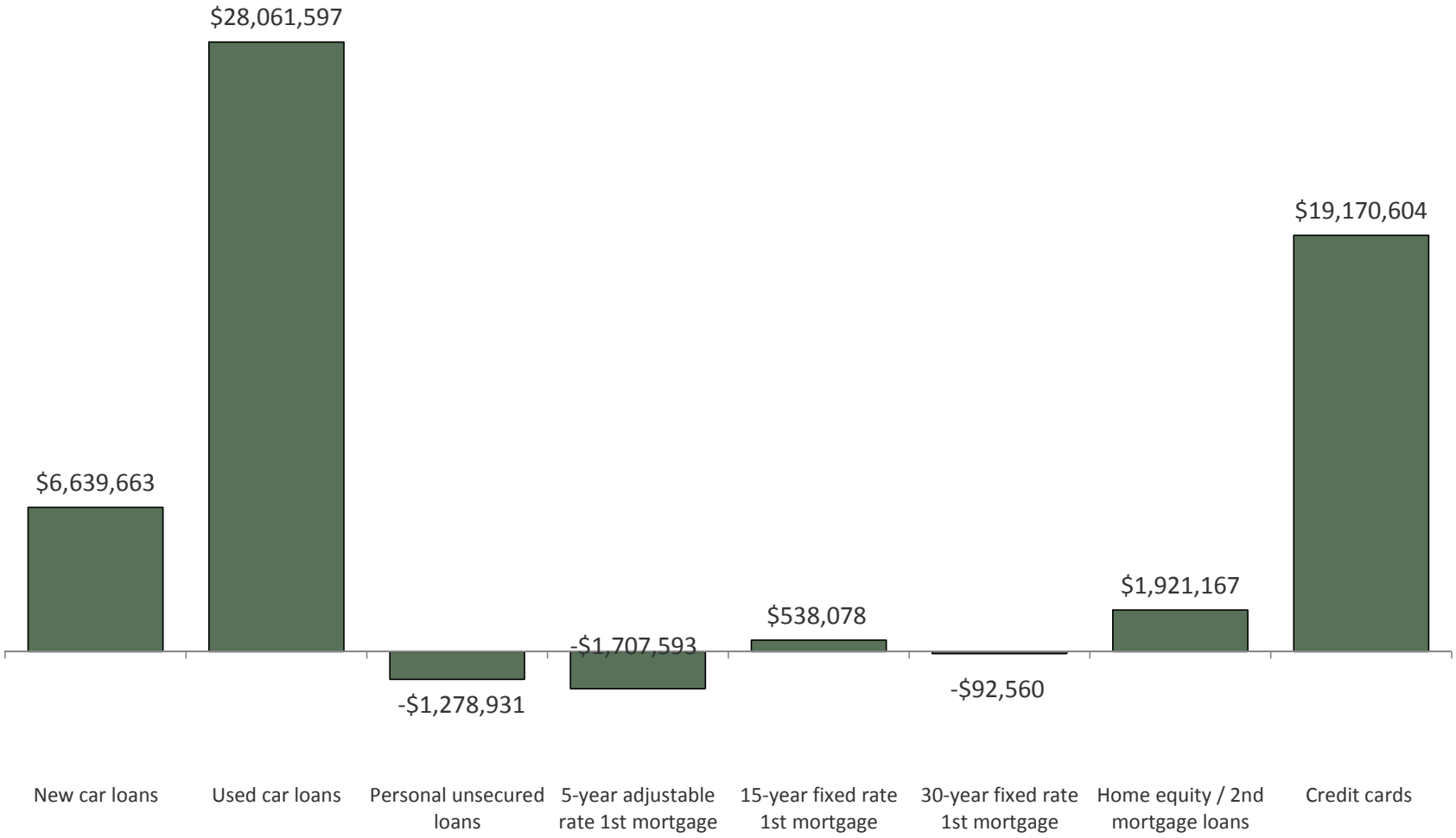
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.76	3.71	-0.94
48-month used car (A paper)	2.97	4.18	-1.22
Unsecured loan (A paper)	9.76	9.50	0.25
5-year adjustable rate 1st mortgage, 0 pts	3.05	2.93	0.12
15-year fixed rate 1st mortgage, 0 pts	3.05	3.09	-0.04
30-year fixed rate 1st mortgage, 0 pts	3.72	3.70	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	3.95	4.33	-0.38
Credit card - classic	11.81	15.77	-3.96
Credit card - gold	10.51	14.46	-3.95
Savings Products			
Regular savings, $1,000 balance	0.21	0.09	0.13
Share draft checking, $5,000 balance	0.42	0.20	0.22
Money market accounts	0.20	0.11	0.10
1 Year certificate $10,000 balance	0.49	0.30	0.19
Retirement (IRA) accounts	0.34	0.20	0.14
Fee Income			
Share draft checking, NSF fee	$28.00	$32.01	-$4.01
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

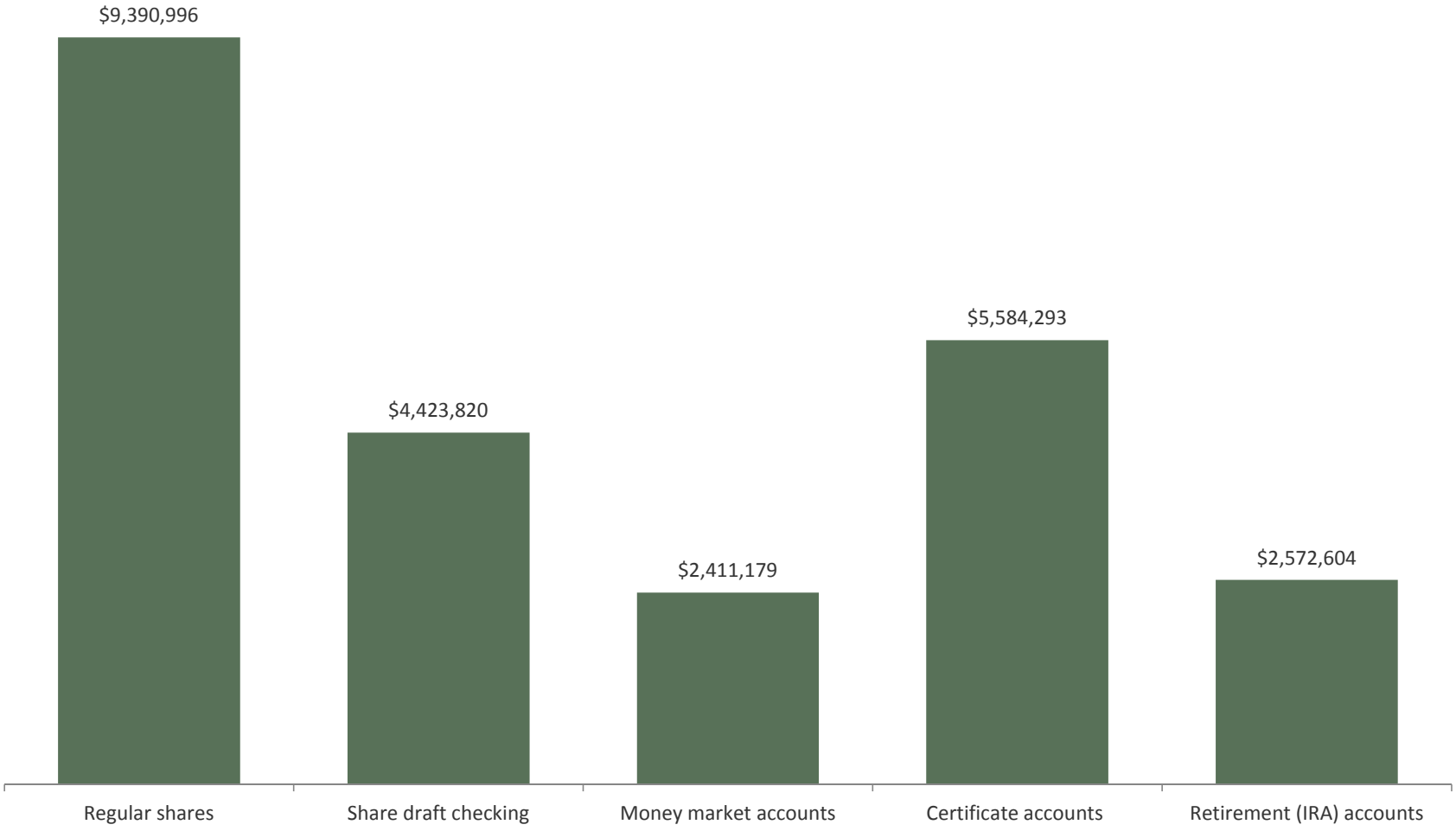
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Alabama Credit Unions

First-Quarter 2015

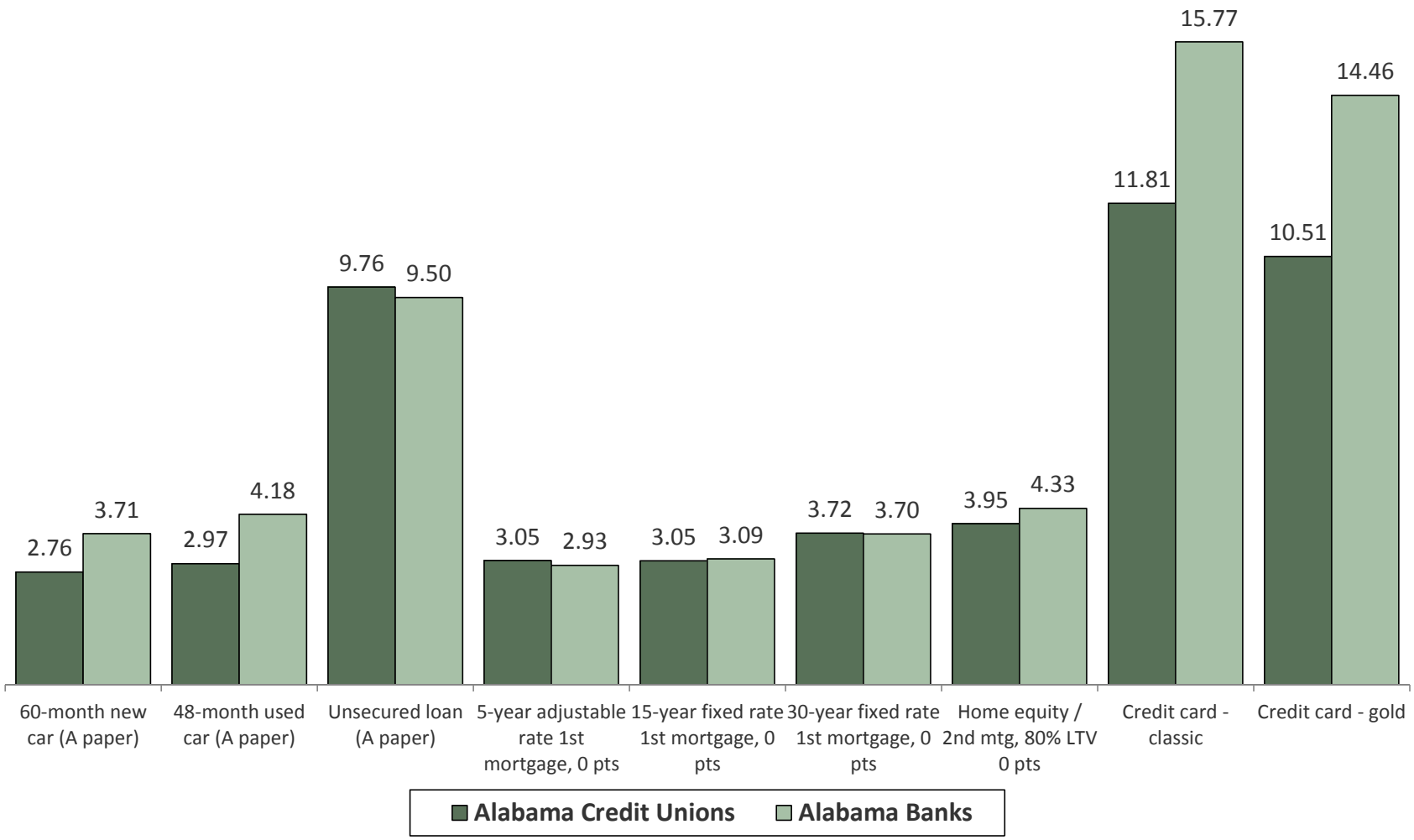
Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Alabama Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	705,596,494	-0.94	$6,639,663
Used car loans	2,309,596,453	-1.22	$28,061,597
Personal unsecured loans	503,516,023	0.25	-$1,278,931
5-year adjustable rate 1st mortgage	1,411,234,049	0.12	-$1,707,593
15-year fixed rate 1st mortgage	1,251,344,918	-0.04	$538,078
30-year fixed rate 1st mortgage	578,500,338	0.02	-$92,560
Home equity / 2nd mortgage loans	510,948,689	-0.38	$1,921,167
Credit cards	484,411,990	-3.96	$19,170,604
Interest rebates in period			$22,523
Total CU member benefits arising from lower interest rates on loan products:			$53,274,549
Savings			
Regular shares	7,493,032,036	0.13	$9,390,996
Share draft checking	1,971,857,822	0.22	$4,423,820
Money market accounts	2,451,688,521	0.10	$2,411,179
Certificate accounts	2,955,129,017	0.19	$5,584,293
Retirement (IRA) accounts	1,790,776,285	0.14	$2,572,604
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on savings products:			$24,382,893
Fee Income			
Total CU member benefit arising from fewer / lower fees:			$27,771,994
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			$105,429,436
Total CU member benefit / member:			$55
Total CU member benefit / member household:			$105

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of first-quarter 2015 and first-quarter 2014, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

Loan Product Comparative Interest Rates (%)

By Loan Type



Alabama
Performance Profile

Demographic Information	Mar 15	Mar 14
Number of branches	440	431
Total assets ($ mil)	19,541	18,821
Total loans ($ mil)	8,644	8,147
Total surplus funds ($ mil)	10,000	9,813
Total savings ($ mil)	17,054	16,551
Total members (thousands)	1,932	1,887
Growth Rates (Trailing 12 months) *		
Total assets	3.9 %	2.7 %
Total loans	6.2 %	6.1 %
Total surplus funds	2.0 %	-0.2 %
Total savings	3.1 %	3.0 %
Total members	2.6 %	1.9 %
Earnings - Basis Pts. *		
Yield on total assets	295	299
Dividend / interest cost of assets	50	53
Fee & other income	135	136
Operating expense	296	288
Loss Provisions	17	24
Net Income (ROA) after stabilization exp	67	70
Capital adequacy		
Net worth / assets	11.4	11.2
Asset quality *		
Delinquencies / loans	0.8	1.0
Net chargeoffs / average loans	0.5	0.6
Total borrower-bankruptcies	11	12
Bankruptcies per 1000 members	0.7	0.7
Asset/Liability Management		
Loans / savings	50.7	49.2
Loans / assets	44.2	43.3
Long-term assets / assets	37.4	39.6
Core deposits/shares & borrowings	57.3	55.3
Productivity		
Members / potential members	7.4	6.9
Borrowers / members	44.4	43.7
Members / FTE	408	407
Average shares / members ($)	8,828	8,772
Average loan balances ($)	10,070	9,881
Salary & Benefits / FTE	59,574	56,985

*** 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.**