The Benefits of Membership

Customized Analysis of Member Benefits For:

California

March 2015

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AMERICA'S CREDIT UNIONS™

California

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 California credit unions provided $724,100,510 in direct financial benefits to the state's 10,002,417 members during the twelve months ending March 2015.

These benefits are equivalent to $72 per member or $138 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 California 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 California credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a California credit union will save members an average $159 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.

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

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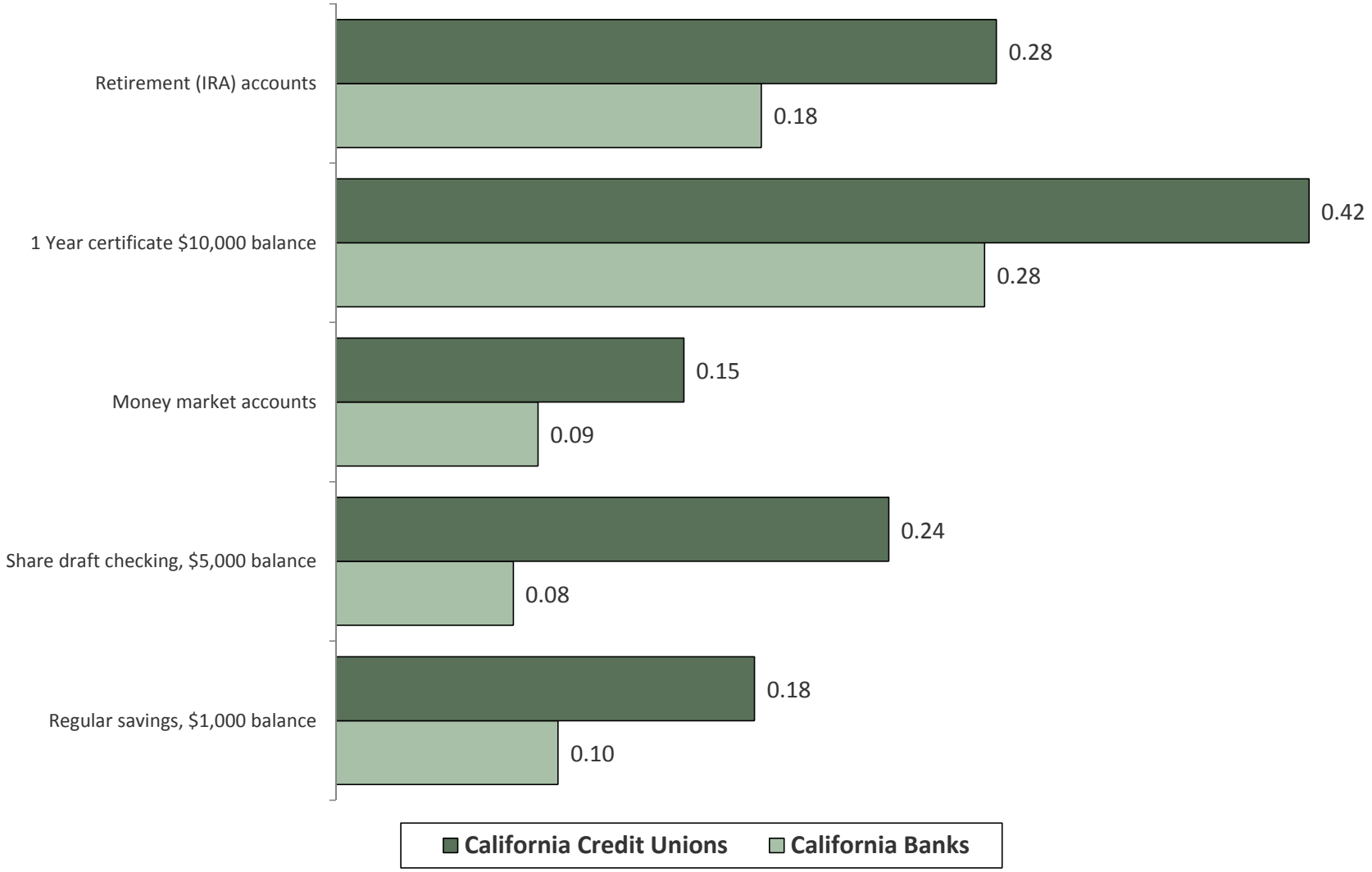
Source: Informa Research Services, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

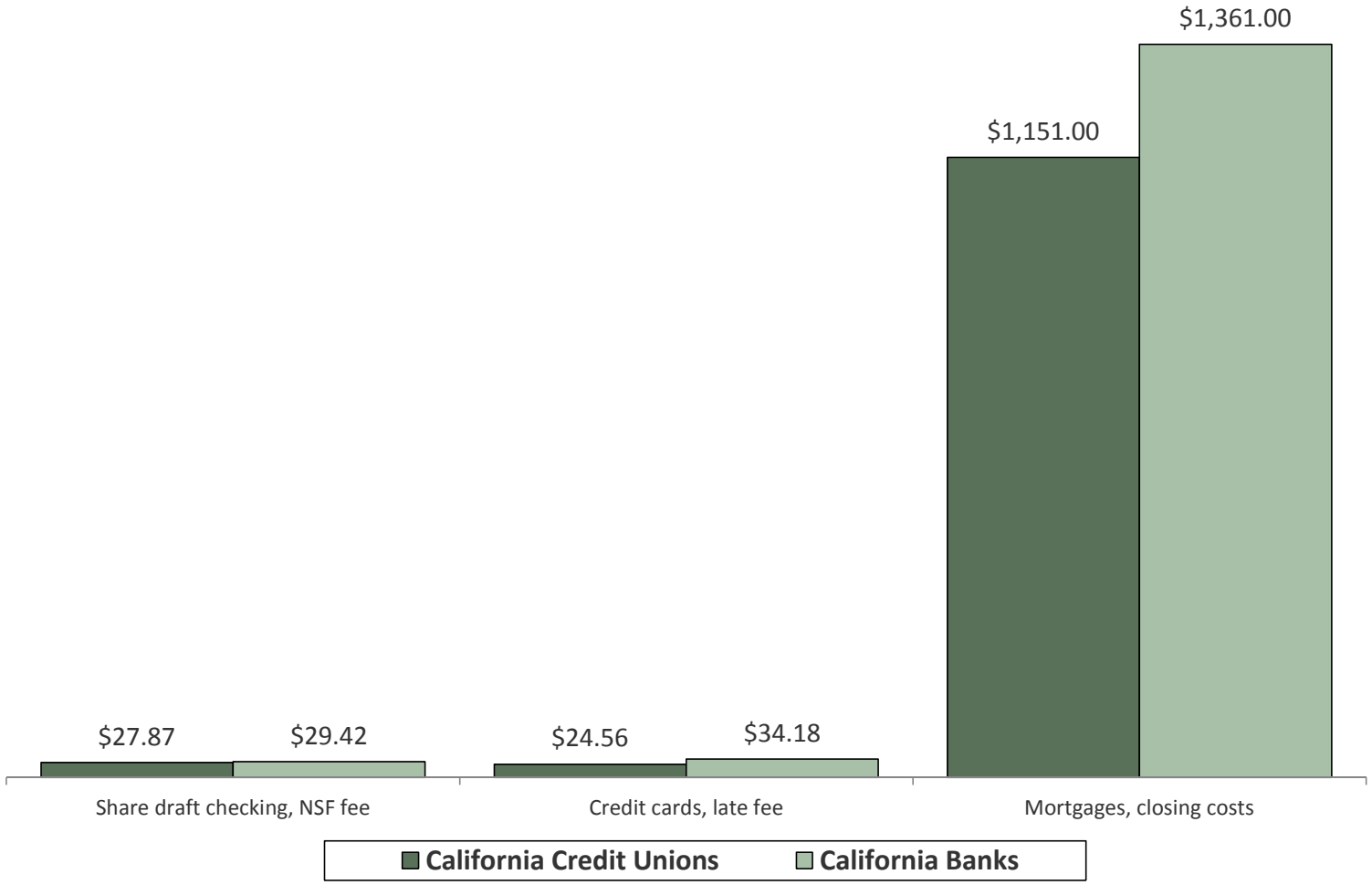
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



California
Credit Union and Banking Institution
First-Quarter 2015 Average Interest Rates and Fees

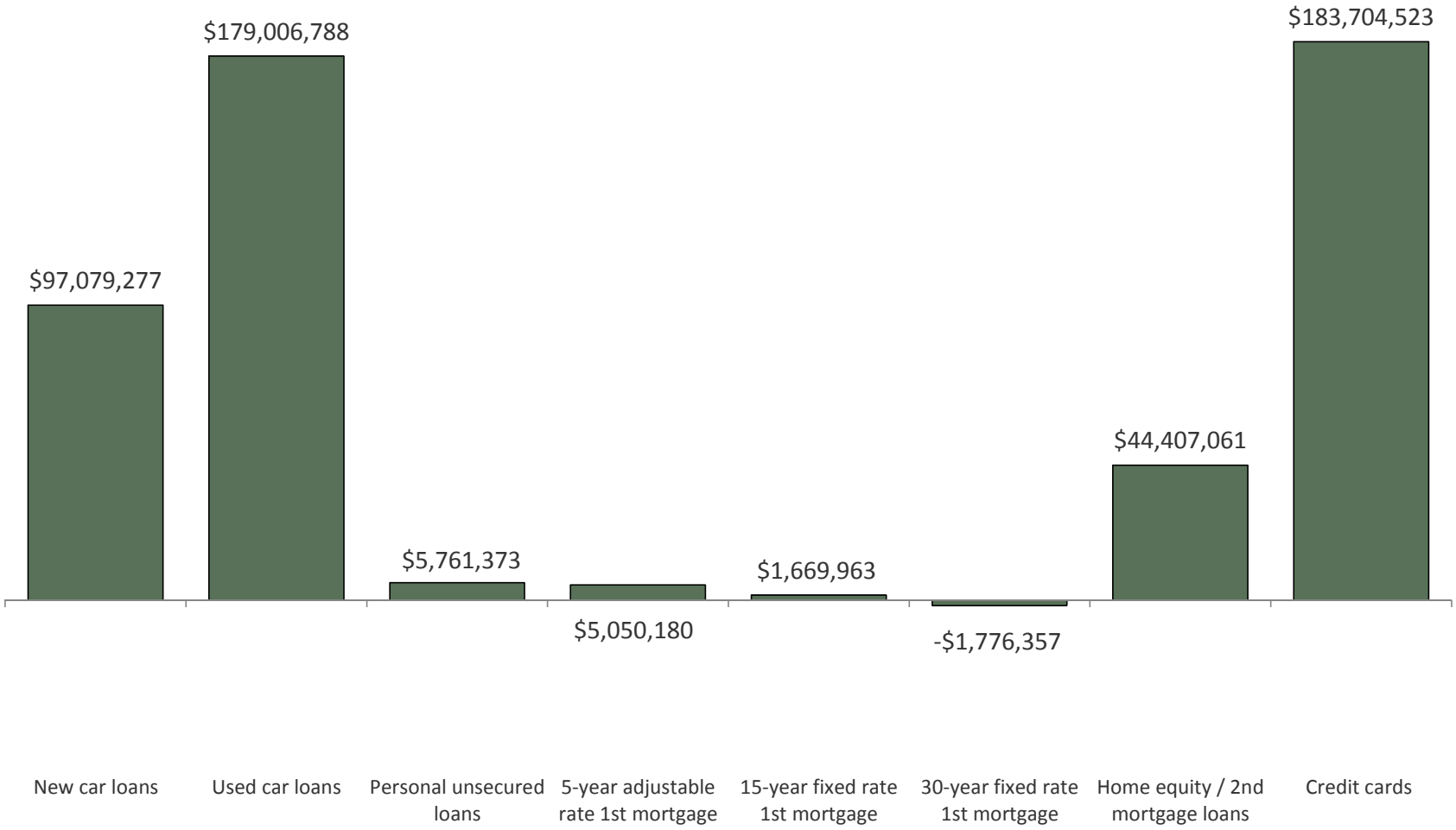
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.60	3.79	-1.19
48-month used car (A paper)	2.57	3.95	-1.38
Unsecured loan (A paper)	10.16	10.41	-0.24
5-year adjustable rate 1st mortgage, 0 pts	2.94	2.97	-0.03
15-year fixed rate 1st mortgage, 0 pts	3.10	3.12	-0.02
30-year fixed rate 1st mortgage, 0 pts	3.79	3.78	0.01
Home equity / 2nd mtg, 80% LTV 0 pts	4.19	4.67	-0.47
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	0.18	0.10	0.08
Share draft checking, $5,000 balance	0.24	0.08	0.16
Money market accounts	0.15	0.09	0.06
1 Year certificate $10,000 balance	0.42	0.28	0.14
Retirement (IRA) accounts	0.28	0.18	0.10
Fee Income			
Share draft checking, NSF fee	$27.87	$29.42	-$1.56
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

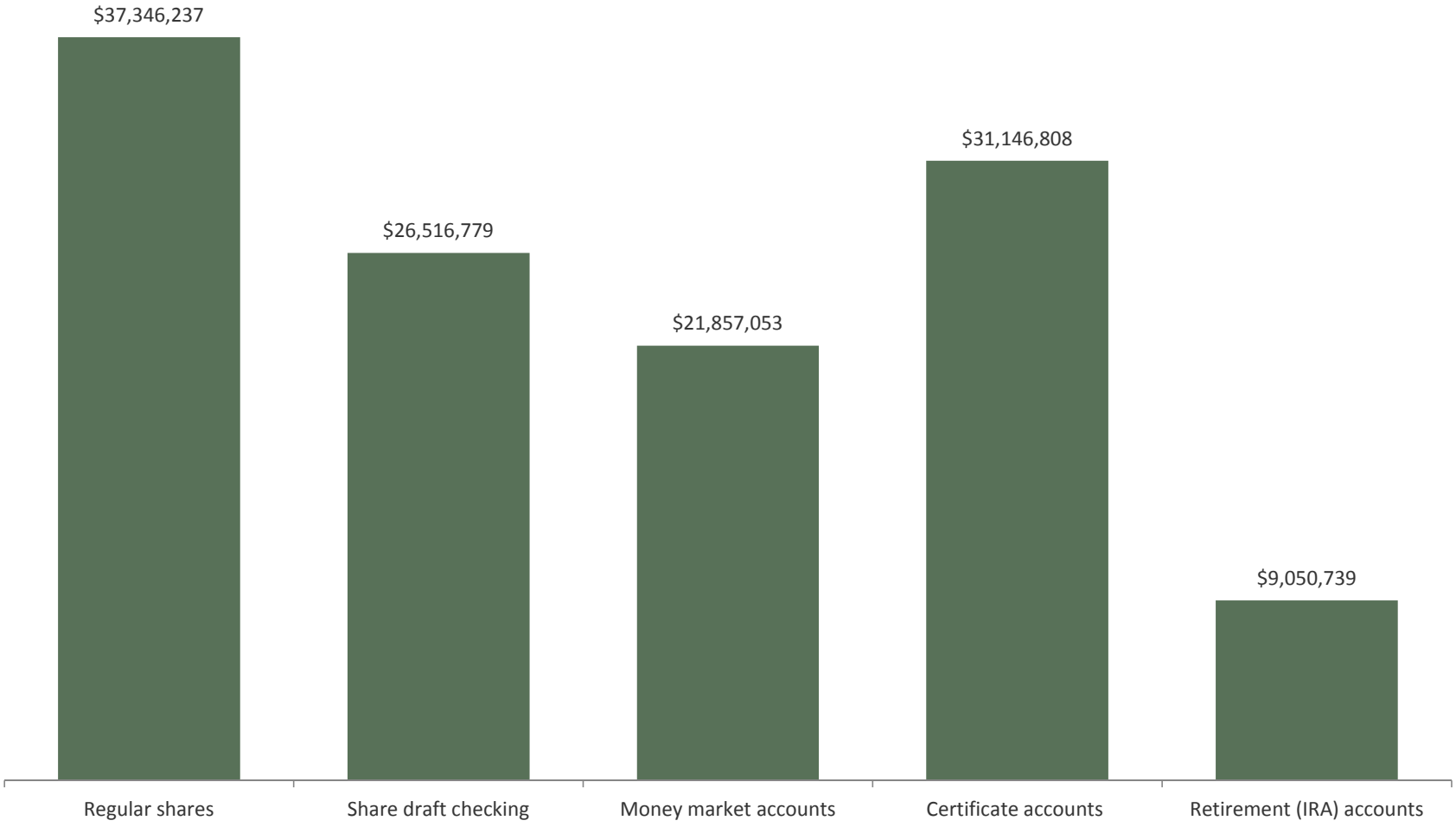
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for California Credit Unions

First-Quarter 2015

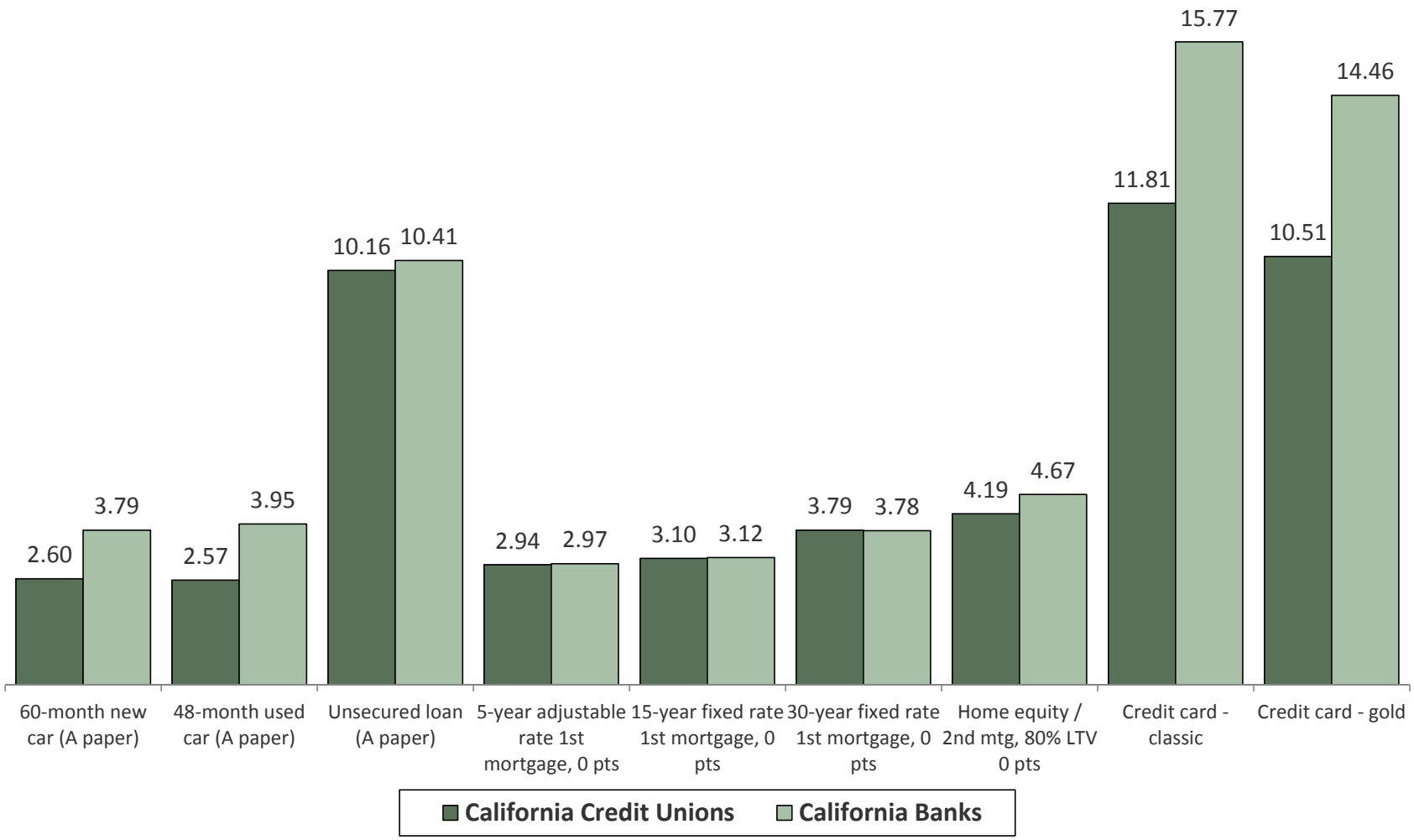
Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. California Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	8,157,922,415	-1.19	$97,079,277
Used car loans	12,980,912,871	-1.38	$179,006,788
Personal unsecured loans	2,380,732,688	-0.24	$5,761,373
5-year adjustable rate 1st mortgage	18,036,357,640	-0.03	$5,050,180
15-year fixed rate 1st mortgage	7,590,740,233	-0.02	$1,669,963
30-year fixed rate 1st mortgage	17,763,570,137	0.01	-$1,776,357
Home equity / 2nd mortgage loans	9,388,384,976	-0.47	$44,407,061
Credit cards	4,641,933,629	-3.96	$183,704,523
Interest rebates in period			$911
Total CU member benefits arising from lower interest rates on loan products:			$514,903,720
Savings			
Regular shares	44,400,379,932	0.08	$37,346,237
Share draft checking	16,503,339,984	0.16	$26,516,779
Money market accounts	35,012,812,114	0.06	$21,857,053
Certificate accounts	22,437,160,329	0.14	$31,146,808
Retirement (IRA) accounts	8,994,799,086	0.10	$9,050,739
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on savings products:			$125,917,616
Fee Income			
Total CU member benefit arising from fewer / lower fees:			$83,279,175
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			$724,100,510
Total CU member benefit / member:			$72
Total CU member benefit / member household:			$138

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



California
Performance Profile

Demographic Information	Mar 15	Mar 14
Number of branches	1588	1592
Total assets ($ mil)	155,882	146,142
Total loans ($ mil)	89,700	78,707
Total surplus funds ($ mil)	60,552	62,262
Total savings ($ mil)	132,344	125,300
Total members (thousands)	10,180	9,883
Growth Rates (Trailing 12 months) *		
Total assets	7.1 %	4.3 %
Total loans	14.3 %	9.8 %
Total surplus funds	-2.3 %	-3.1 %
Total savings	6.0 %	3.8 %
Total members	3.6 %	2.4 %
Earnings - Basis Pts. *		
Yield on total assets	298	300
Dividend / interest cost of assets	40	39
Fee & other income	110	105
Operating expense	277	274
Loss Provisions	9	3
Net Income (ROA) after stabilization exp	82	89
Capital adequacy		
Net worth / assets	11.0	10.9
Asset quality *		
Delinquencies / loans	0.5	0.7
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	11	12
Bankruptcies per 1000 members	0.4	0.5
Asset/Liability Management		
Loans / savings	67.8	62.8
Loans / assets	57.5	53.9
Long-term assets / assets	36.5	40.3
Core deposits/shares & borrowings	47.5	46.2
Productivity		
Members / potential members	3.9	4.0
Borrowers / members	49.9	46.9
Members / FTE	384	384
Average shares / members ($)	13,000	12,679
Average loan balances ($)	17,643	16,971
Salary & Benefits / FTE	85,121	81,413

*** 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.**