The Benefits of Membership

Customized Analysis of Member Benefits For:

Missouri

December 2013

Prepared by:

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Economics and Statistics Department

AMERICA'S CREDIT UNIONS

Missouri

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 Missouri credit unions provided $104,372,119 in direct financial benefits to the state's 1,405,863 members during the twelve months ending December 2013.

These benefits are equivalent to $74 per member or $141 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 Missouri 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 Missouri credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Missouri credit union will save members an average $138 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.

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

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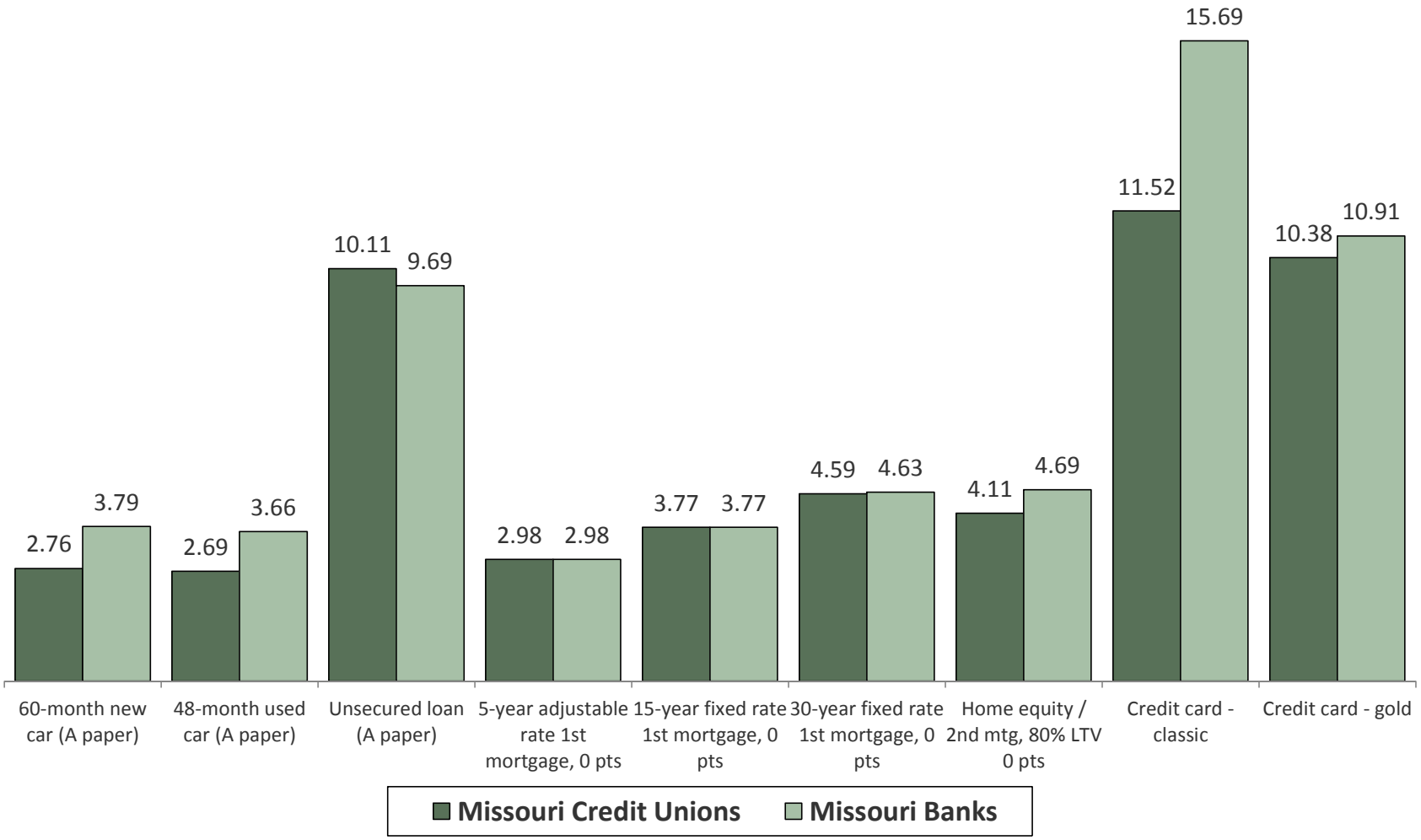
Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

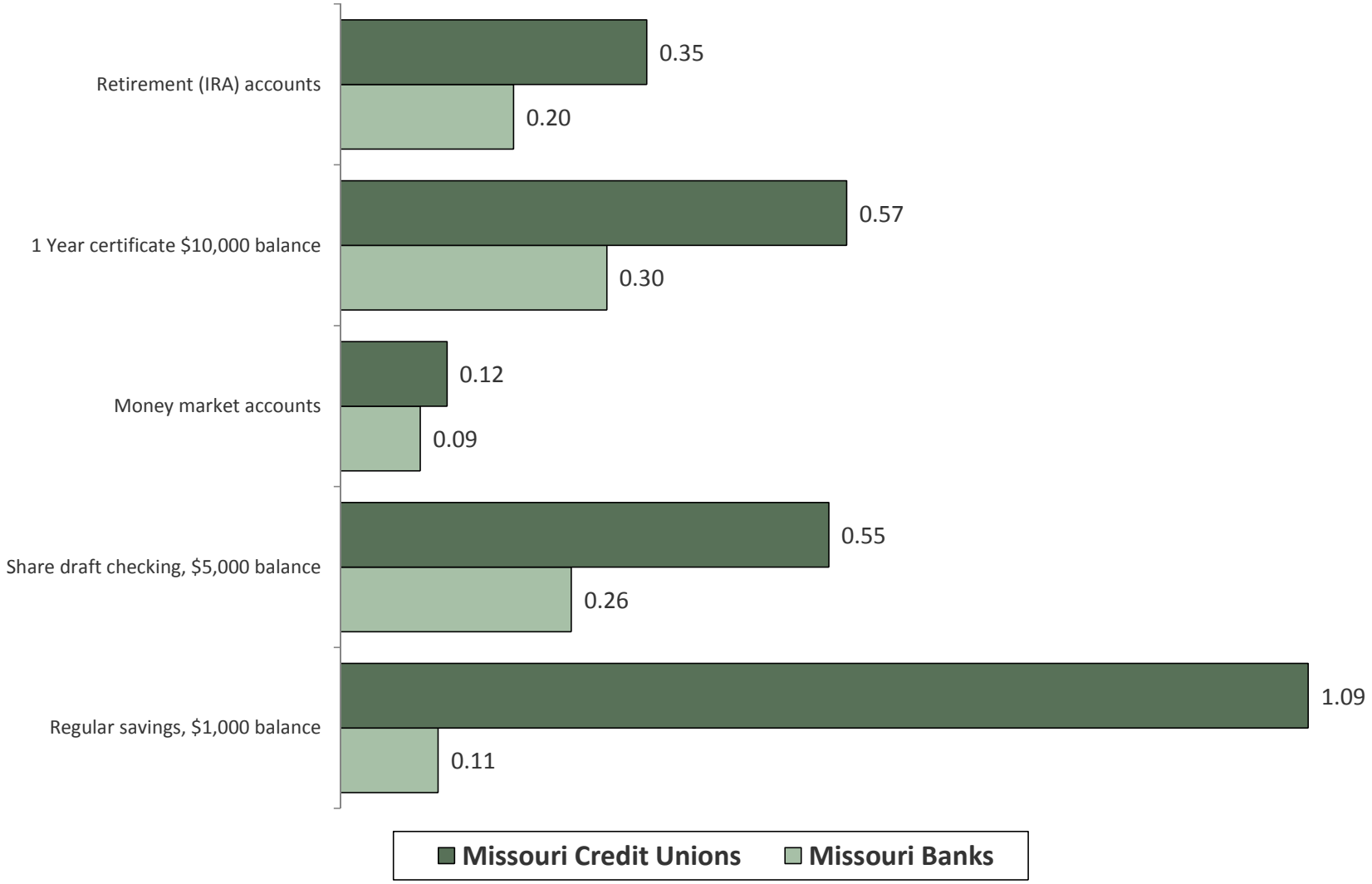
Loan Product Comparative Interest Rates (%)

By Loan Type



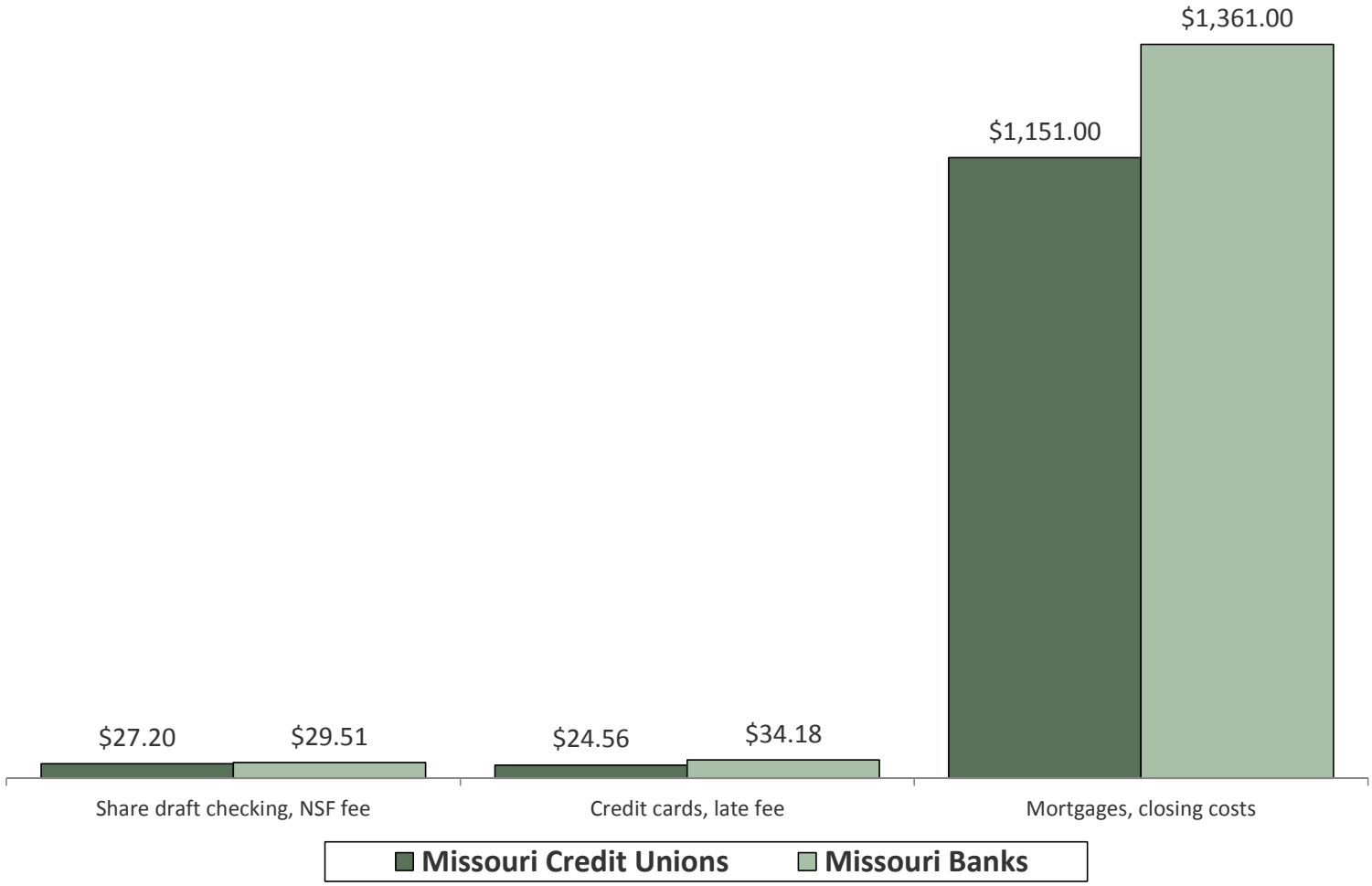
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Missouri
Credit Union and Banking Instituion
Year-End 2013 Average Interest Rates and Fees

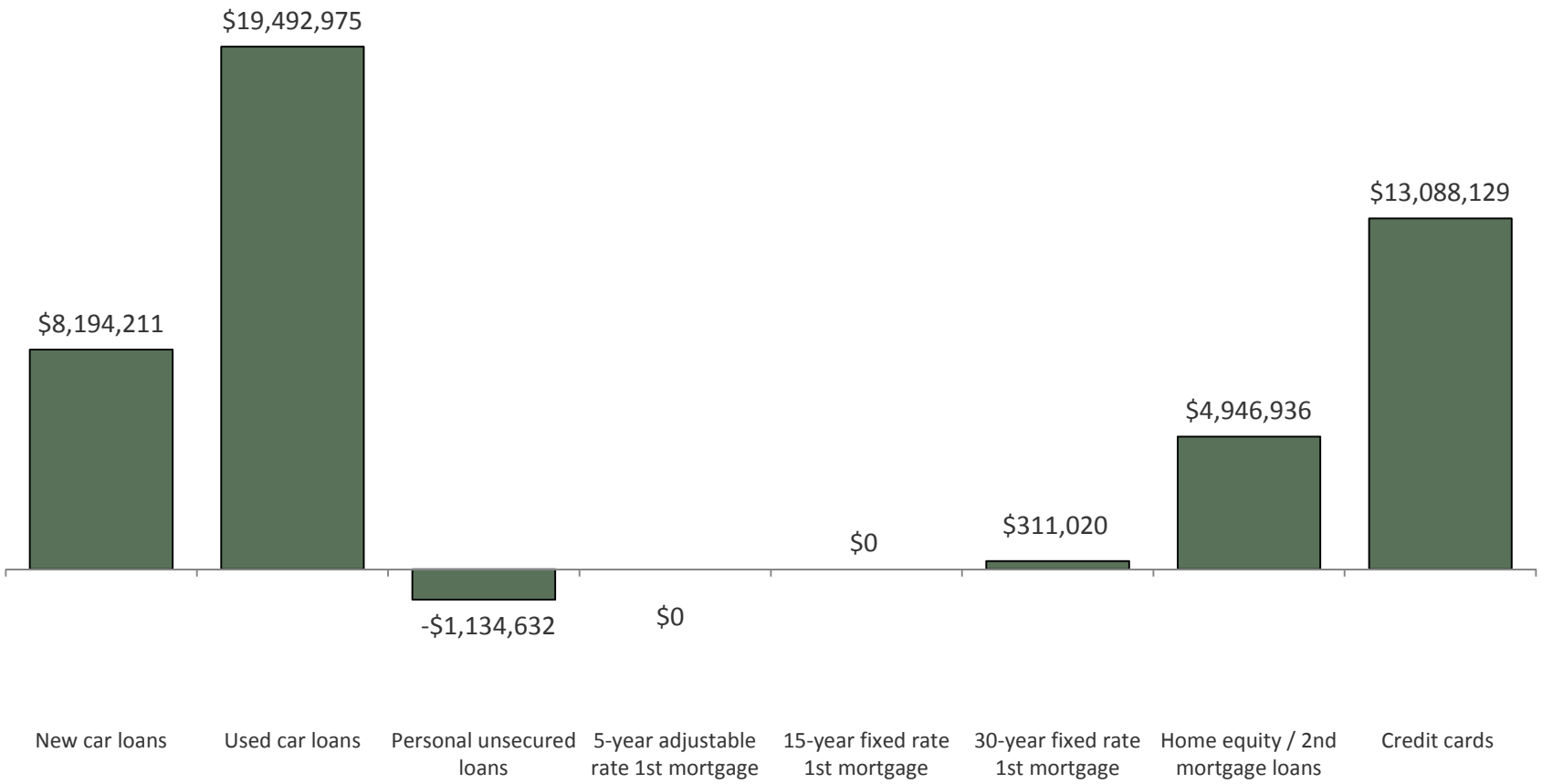
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.76	3.79	-1.03
48-month used car (A paper)	2.69	3.66	-0.97
Unsecured loan (A paper)	10.11	9.69	0.42
5-year adjustable rate 1st mortgage, 0 pts	2.98	2.98	0.00
15-year fixed rate 1st mortgage, 0 pts	3.77	3.77	0.00
30-year fixed rate 1st mortgage, 0 pts	4.59	4.63	-0.04
Home equity / 2nd mtg, 80% LTV 0 pts	4.11	4.69	-0.58
Credit card - classic	11.52	15.69	-4.17
Credit card - gold	10.38	10.91	-0.53
Savings Products			
Regular savings, $1,000 balance	1.09	0.11	0.98
Share draft checking, $5,000 balance	0.55	0.26	0.29
Money market accounts	0.12	0.09	0.03
1 Year certificate $10,000 balance	0.57	0.30	0.27
Retirement (IRA) accounts	0.35	0.20	0.15
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

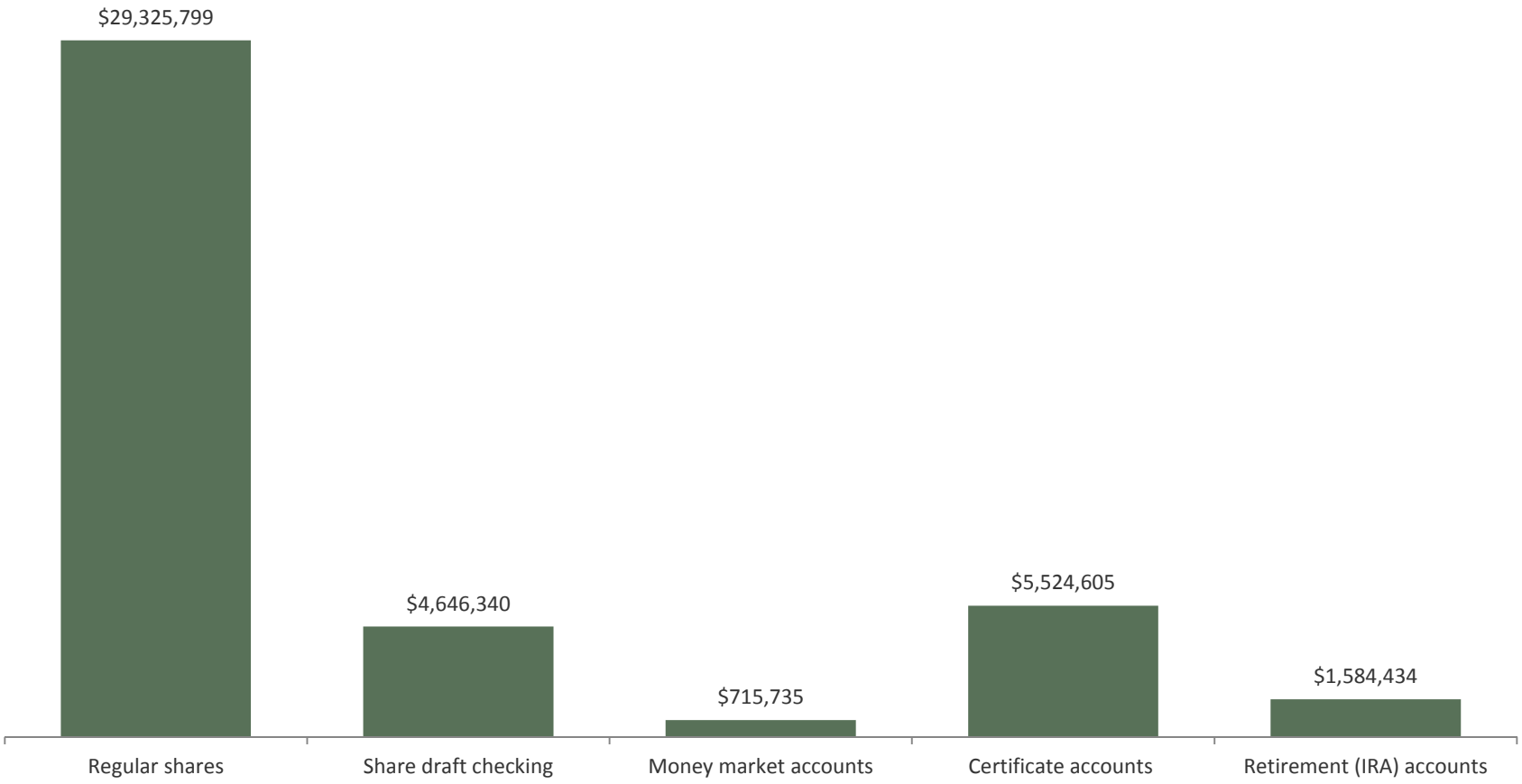
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Missouri Credit Unions

Year-End 2013

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Missouri Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	795,554,419	-1.03	$8,194,211
Used car loans	2,009,585,036	-0.97	$19,492,975
Personal unsecured loans	270,150,494	0.42	-$1,134,632
5-year adjustable rate 1st mortgage	734,427,516	0.00	$0
15-year fixed rate 1st mortgage	718,454,838	0.00	$0
30-year fixed rate 1st mortgage	777,549,551	-0.04	$311,020
Home equity / 2nd mortgage loans	852,920,016	-0.58	$4,946,936
Credit cards	401,476,347	-4.17	$13,088,129
Interest rebates in period			$530,440
Total CU member benefits arising from lower interest rates on loan products:			$45,429,078
Savings			
Regular shares	2,992,428,467	0.98	$29,325,799
Share draft checking	1,602,186,105	0.29	$4,646,340
Money market accounts	2,385,783,339	0.03	$715,735
Certificate accounts	2,046,149,873	0.27	$5,524,605
Retirement (IRA) accounts	1,056,289,080	0.15	$1,584,434
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$41,796,912
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$17,146,129
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$104,372,119
Total CU member benefit / member:			$74
Total CU member benefit / member household:			$141

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2013 and year-end 2012, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Missouri
Performance Profile

Demographic Information	Dec 13	Dec 12
Number of branches	346	348
Total assets ($ mil)	11,790	11,748
Total loans ($ mil)	7,198	6,873
Total surplus funds ($ mil)	4,014	4,335
Total savings ($ mil)	10,265	10,133
Total members (thousands)	1,422	1,406
Growth Rates (Trailing 12 months) *		
Total assets	1.9 %	5.3 %
Total loans	6.5 %	4.3 %
Total surplus funds	-6.2 %	6.3 %
Total savings	2.9 %	5.9 %
Total members	2.3 %	3.4 %
Earnings - Basis Pts. *		
Yield on total assets	343	369
Dividend/interest cost of assets	60	78
Fee & other income	208	212
Operating expense	401	396
Loss Provisions	43	49
Net Income (ROA) after stabilization exp	48	58
Capital adequacy		
Net worth / assets	10.6	10.4
Asset quality *		
Delinquencies / loans	1.0	1.1
Net chargeoffs / average loans	0.9	0.8
Total borrower-bankruptcies	38	40
Bankruptcies per 1000 members	3.4	3.7
Asset/Liability Management		
Loans / savings	70.1	67.8
Loans / assets	61.1	58.5
Long-term assets / assets	34.8	30.4
Core deposits/shares & borrowings	45.5	43.4
Productivity		
Members/potential members	4.2	4.2
Borrowers/members	45.7	44.7
Members/FTE	372	370
Average shares/members ($)	7,219	7,209
Average loan balances ($)	11,088	10,927
Salary & Benefits/FTE	59,401	58,139

*** 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.**