The Benefits of Membership

Customized Analysis of Member Benefits For:

Missouri

September 2014

Prepared by:

Credit Union National Association Economics and Statistics Department



Missouri

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 Missouri credit unions provided \$104,890,814 in direct financial benefits to the state's 1,433,839 members during the twelve months ending September 2014.

These benefits are equivalent to \$73 per member or \$139 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 \$109 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.

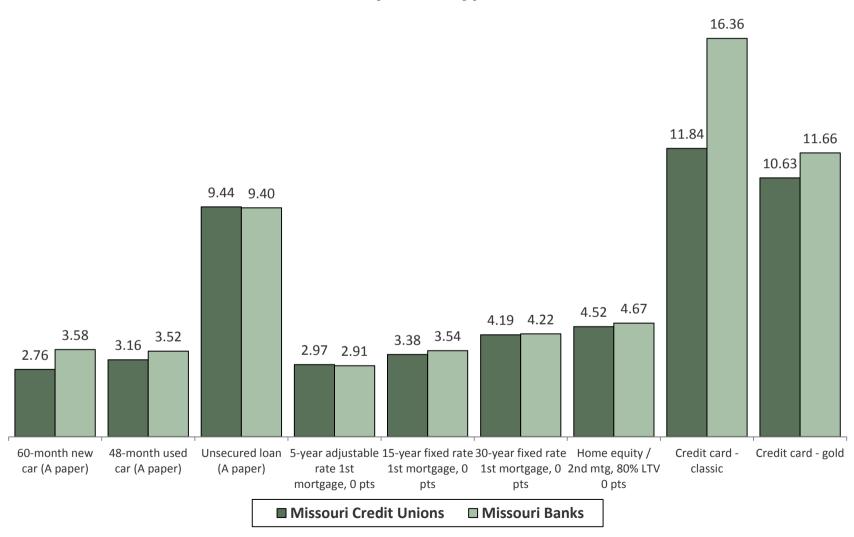
Missouri credit unions excel in providing member benefits on many loan and savings products. In particular, Missouri credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-fixed rate, home equity loans, credit cards loans.

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



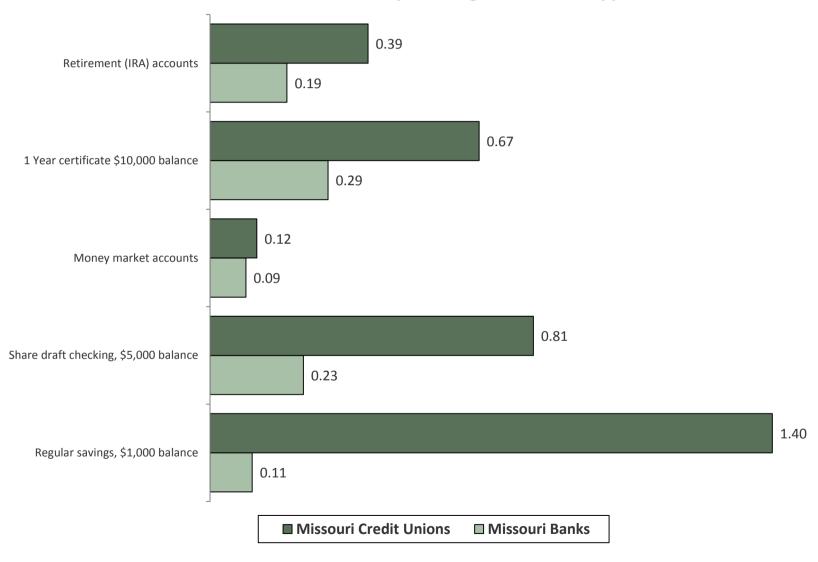
Loan Product Comparative Interest Rates (%)

By Loan Type



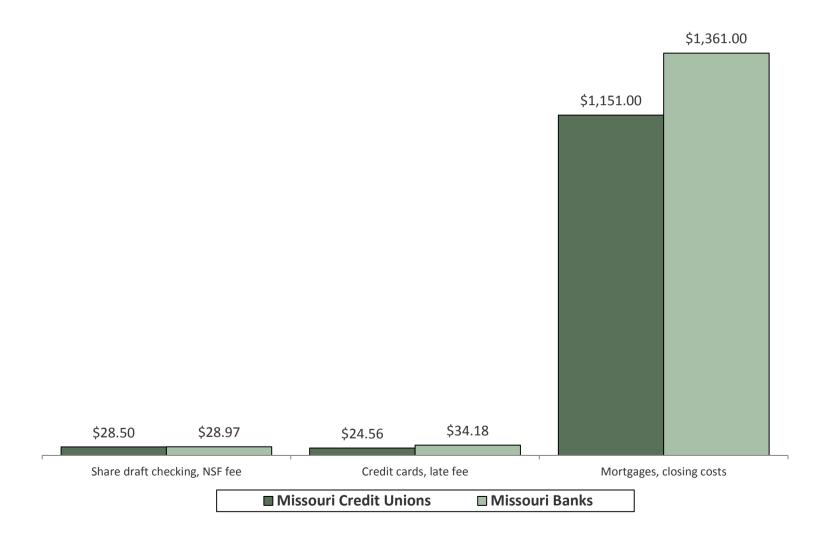
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Missouri

Credit Union and Banking Institution

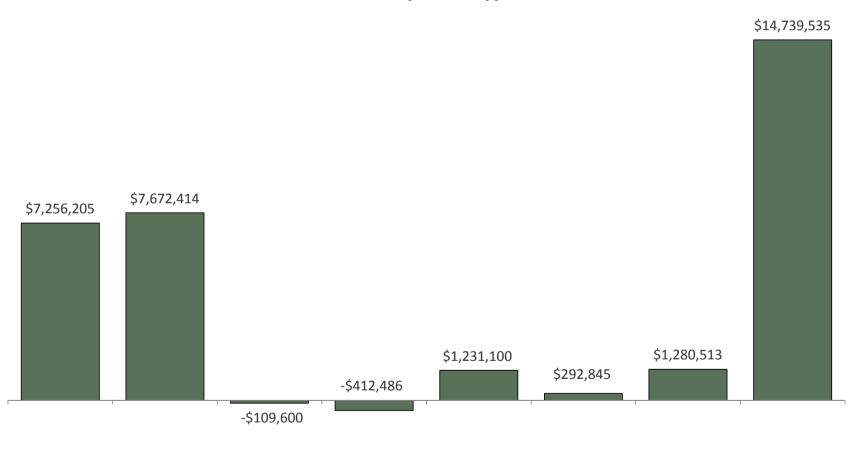
September 2014 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)		
60-month new car (A paper)	2.76	3.58	-0.82		
48-month used car (A paper)	3.16	3.52	-0.36		
Unsecured loan (A paper)	9.44	9.40	0.04		
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.91	0.05		
15-year fixed rate 1st mortgage, 0 pts	3.38	3.54	-0.16		
30-year fixed rate 1st mortgage, 0 pts	4.19	4.22	-0.04		
Home equity / 2nd mtg, 80% LTV 0 pts	4.52	4.67	-0.15		
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	1.40	0.11	1.29		
Share draft checking, \$5,000 balance	0.81	0.23	0.57		
Money market accounts	0.12	0.09	0.03		
1 Year certificate \$10,000 balance	0.67	0.29	0.38		
Retirement (IRA) accounts	0.39	0.19	0.20		
Fee Income					
Share draft checking, NSF fee	\$28.50	\$28.97	-\$0.47		
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

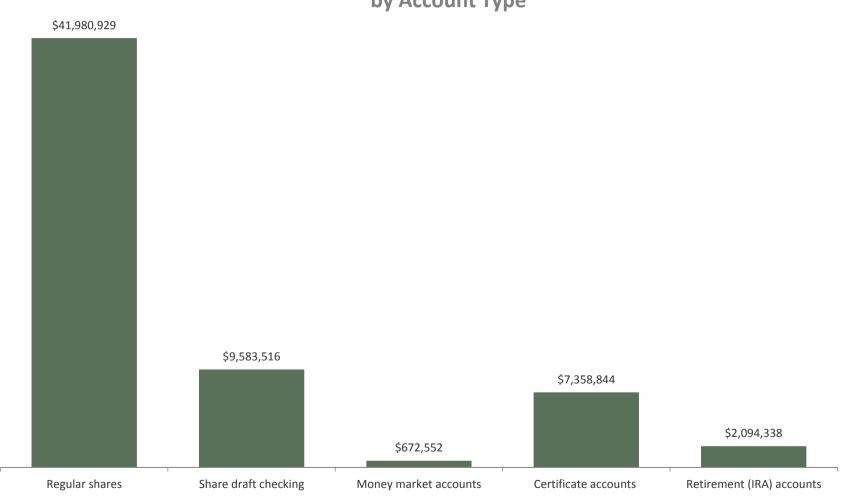
State Credit Unions' Total Loan Rate Benefits

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 Missouri Credit Unions September 2014

	Avg. Balance at	Rate Difference vs. Missouri	Total Financial Benefit to Your
<u>Loans</u>	Credit Unions (1)	Banks (%) (2)	Members
New car loans	888,152,443	-0.82	\$7,256,205
Used car loans	2,155,172,344	-0.36	\$7,672,414
Personal unsecured loans	288,422,015	0.04	-\$109,600
5-year adjustable rate 1st mortgage	793,242,135	0.05	-\$412,486
15-year fixed rate 1st mortgage	774,276,603	-0.16	\$1,231,100
30-year fixed rate 1st mortgage	770,645,008	-0.04	\$292,845
Home equity / 2nd mortgage loans	871,097,275	-0.15	\$1,280,513
Credit cards	404,099,652	-4.52	\$14,739,535
Interest rebates in period			\$247,690
Total CU member benefits arising from lower interest	\$32,198,215		
Savings			
Regular shares	3,241,856,888	1.29	\$41,980,929
Share draft checking	1,673,976,609	0.57	\$9,583,516
Money market accounts	2,457,871,774	0.03	\$672,552
Certificate accounts	1,956,974,217	0.38	\$7,358,844
Retirement (IRA) accounts	1,038,356,180	0.20	\$2,094,338
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest r	\$61,690,179		
Fee Income			
Total CU member benefit arising from fewer / lower fee	es:		\$11,002,419
Total CU member benefit arising from interest rate	\$104,890,814		
Total CU member benefit / member:			\$73

Missouri Performance Profile

Demographic Information	Sep 14	Sep 13
Number of branches	350	346
Total assets (\$ mil)	12,185	11,833
Total loans (\$ mil)	7,609	7,123
Total surplus funds (\$ mil)	3,961	4,161
Total savings (\$ mil)	10,535	10,319
Total members (thousands)	1,449	1,419
Growth Rates (Trailing 12 months) *		
Total assets	3.0 %	2.2 %
Total loans	6.8 %	7.0 %
Total surplus funds	-4.8 %	-5.7 %
Total savings	2.1 %	3.7 %
Total members	2.2 %	2.6 %
Earnings - Basis Pts. *	2.2 /0	2.0 70
Yield on total assets	336	340
Dividend / interest cost of assets	53	56
Fee & other income	200	212
Operating expense	396	404
Loss Provisions	34	43
Net Income (ROA) after stabilization exp	53	50
Capital adequacy		
Net worth / assets	10.7	10.5
Asset quality *		
Delinquencies / Ioans	1.0	1.0
Net chargeoffs / average loans	0.6	0.8
Total borrower-bankruptcies	25	30
Bankruptcies per 1000 members	2.2	2.7
Asset/Liability Management		
Loans / savings	72.2	69.0
Loans / assets	62.4	60.2
Long-term assets / assets	32.5	34.1
Core deposits/shares & borrowings	47.4	45.2
Productivity		10.2
Members / potential members	3.9	4.2
Borrowers / members	46.3	45.2
Members / FTE	370	371
Average shares / members (\$)	7,268	7,274
Average loan balances (\$)	7,200 11,341	1,274 11,111
Salary & Benefits / FTE		
Jaiary & Delicilis / FTE	60,260	59,755

^{*} 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.