The Benefits of Membership

Customized Analysis of Member Benefits For:

South Dakota

June 2013

Prepared by:

Credit Union National Association
Economics and Statistics Department

AMERICA'S CREDIT UNIONS™

South Dakota

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 South Dakota credit unions provided $15,775,244 in direct financial benefits to the state's 249,712 members during the twelve months ending June 2013.

These benefits are equivalent to $63 per member or $120 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 South Dakota 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 South Dakota credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a South Dakota credit union will save members an average $218 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.

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

South Dakota credit unions also pay members higher average dividends on the following accounts: regular savings, certificate accounts, IRAs.

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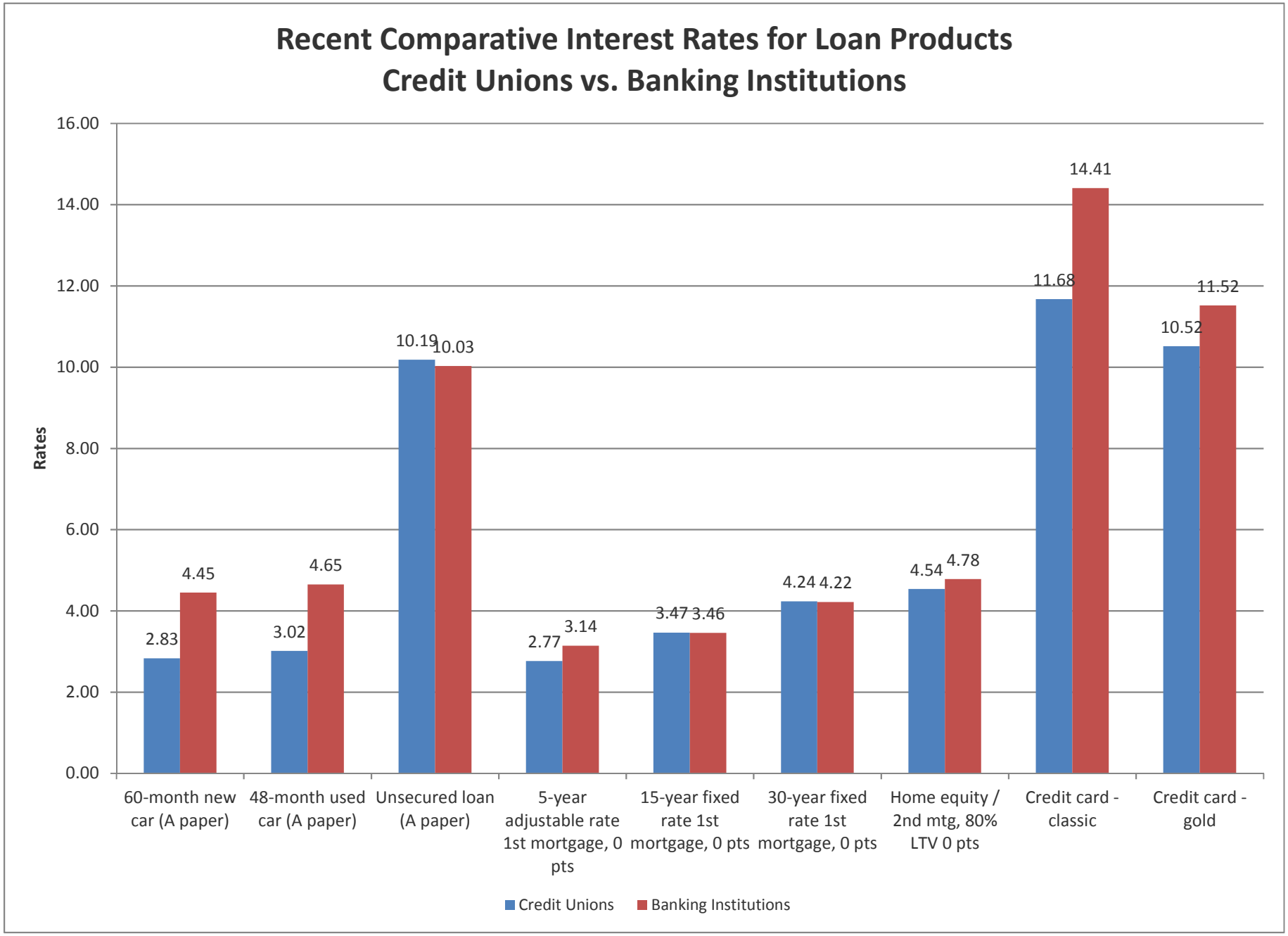
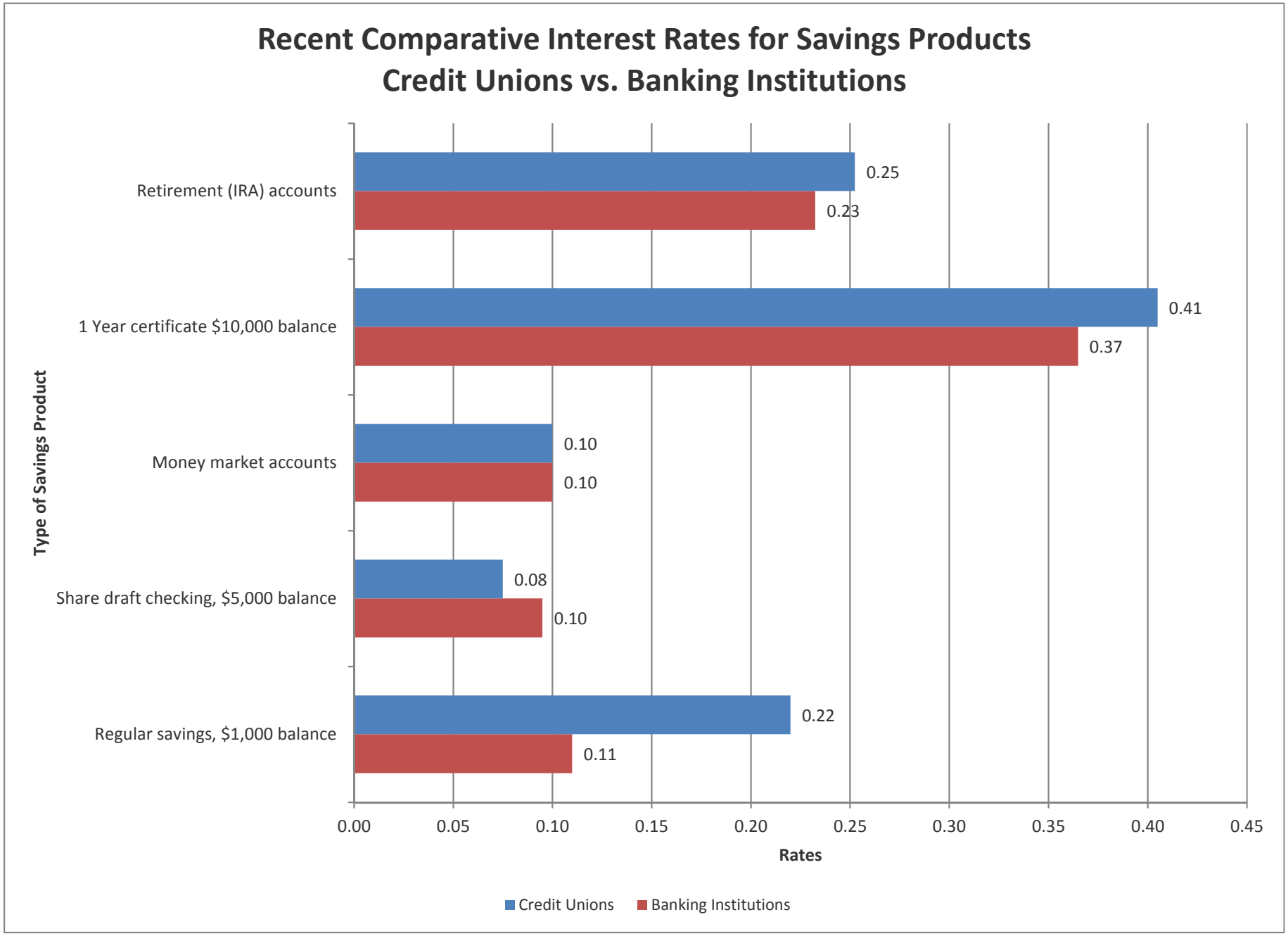
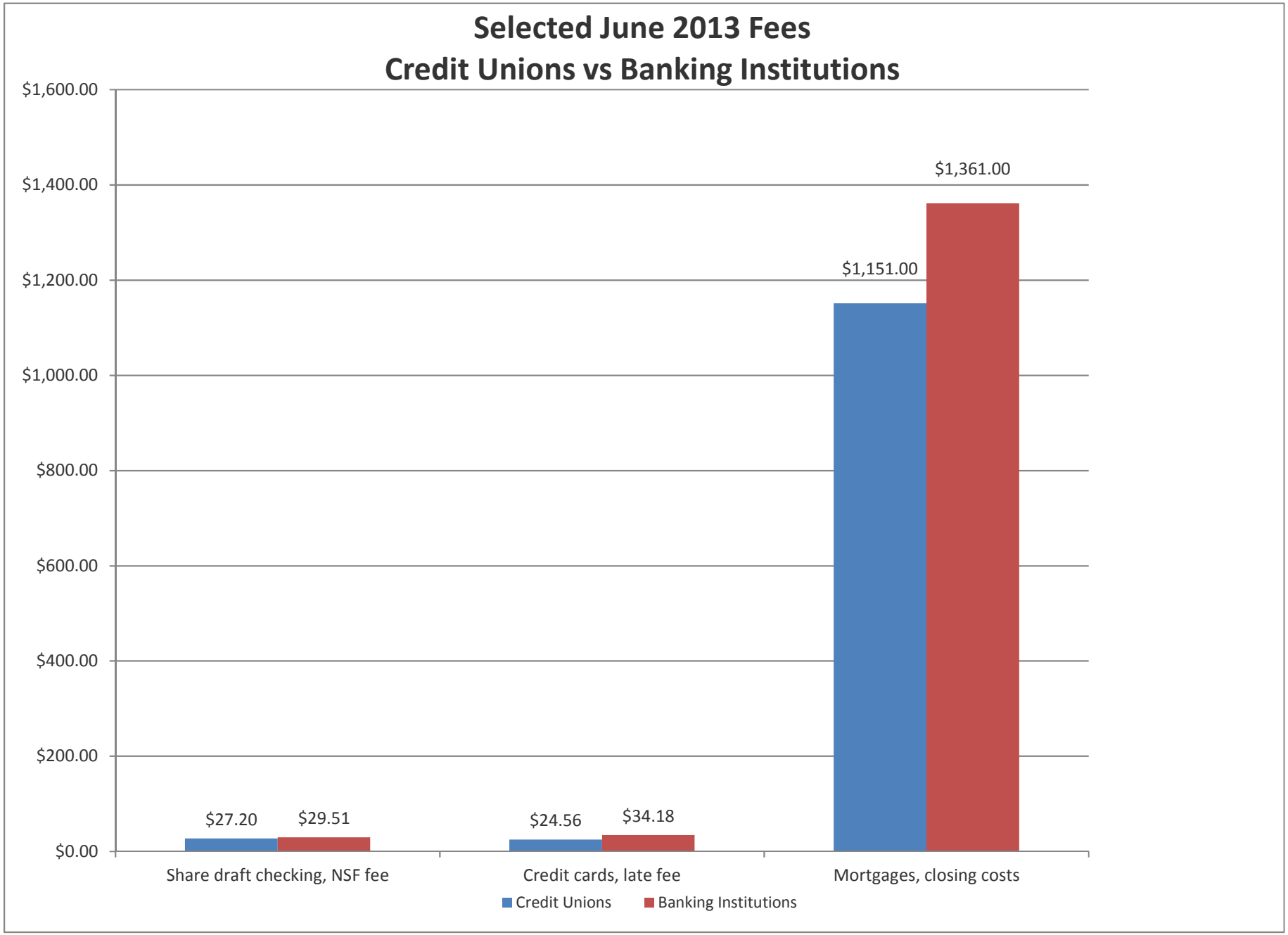
Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.


Recent Comparative Interest Rates for Loan Products
Credit Unions vs. Banking Institutions
Rates
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
2.83
4.45
3.02
4.65
10.19
10.03
2.77
3.14
3.47
3.46
4.24
4.22
4.54
4.78
11.68
14.41
10.52
11.52
60-month new car (A paper)
48-month used car (A paper)
Unsecured loan (A paper)
5-year adjustable rate 1st mortgage, 0 pts
15-year fixed rate 1st mortgage, 0 pts
30-year fixed rate 1st mortgage, 0 pts
Home equity / 2nd mtg, 80% LTV 0 pts
Credit card - classic
Credit card - gold
Credit Unions
Banking Institutions

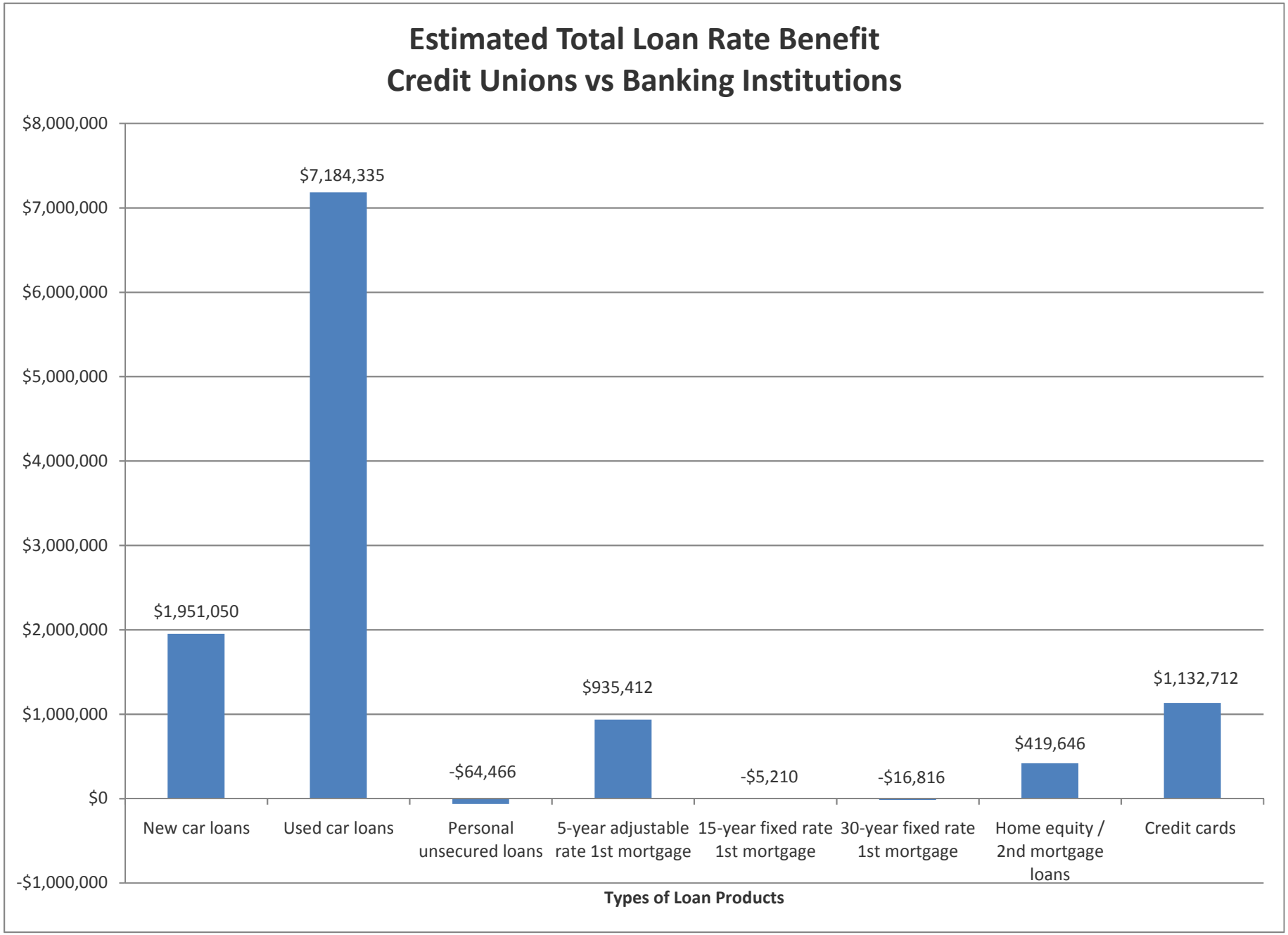

Recent Comparative Interest Rates for Savings Products
Credit Unions vs. Banking Institutions
Type of Savings Product
Retirement (IRA) accounts
1 Year certificate $10,000 balance
Money market accounts
Share draft checking, $5,000 balance
Regular savings, $1,000 balance
0.25
0.23
0.41
0.37
0.10
0.10
0.08
0.10
0.22
0.11
0.00
0.05
0.10
0.15
0.20
0.25
0.30
0.35
0.40
0.45
Rates
Credit Unions
Banking Institutions

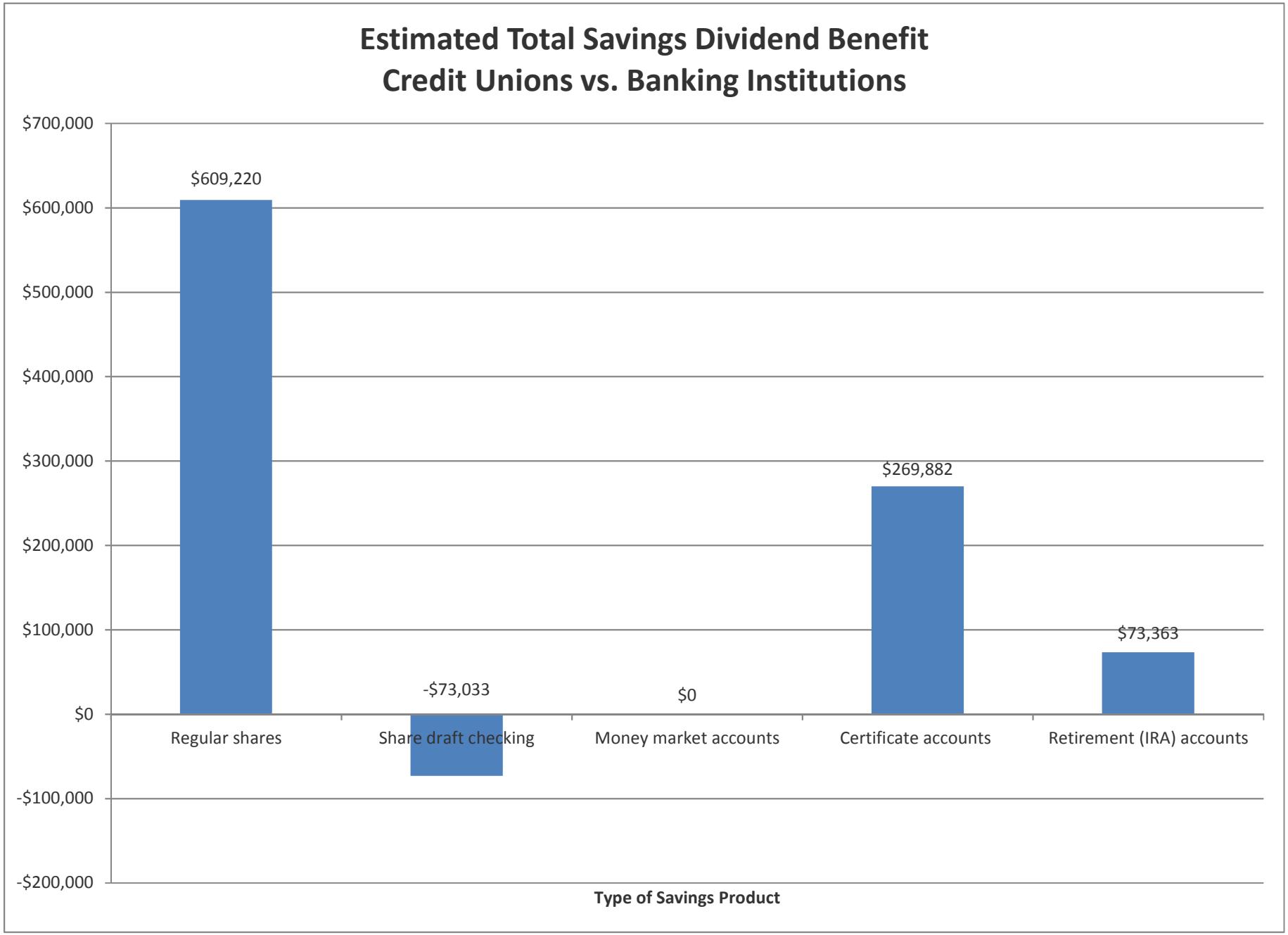

Selected June 2013 Fees
Credit Unions vs Banking Institutions
$1,600.00
$1,400.00
$1,200.00
$1,000.00
$800.00
$600.00
$400.00
$200.00
$0.00
$27.20
$29.51
$24.56
$34.18
$1,151.00
$1,361.00
Share draft checking, NSF fee
Credit cards, late fee
Mortgages, closing costs
Credit Unions
Banking Institutions

South Dakota
Credit Union and Banking Instituion
Mid-Year 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)	2.83	4.45	-1.62
48-month used car (A paper)	3.02	4.65	-1.64
Unsecured loan (A paper)	10.19	10.03	0.16
5-year adjustable rate 1st mortgage, 0 pts	2.77	3.14	-0.38
15-year fixed rate 1st mortgage, 0 pts	3.47	3.46	0.00
30-year fixed rate 1st mortgage, 0 pts	4.24	4.22	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.54	4.78	-0.24
Credit card - classic	11.68	14.41	-2.74
Credit card - gold	10.52	11.52	-1.01
Savings Products			
Regular savings, $1,000 balance	0.22	0.11	0.11
Share draft checking, $5,000 balance	0.08	0.10	-0.02
Money market accounts	0.10	0.10	0.00
1 Year certificate $10,000 balance	0.41	0.37	0.04
Retirement (IRA) accounts	0.25	0.23	0.04
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


Estimated Total Loan Rate Benefit
Credit Unions vs Banking Institutions
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
-$1,000,000
$1,951,050
$7,184,335
-$64,466
$935,412
-$5,210
-$16,816
$419,646
$1,132,712
New car loans
Used car loans
Personal unsecured loans
5-year adjustable rate 1st mortgage
15-year fixed rate 1st mortgage
30-year fixed rate 1st mortgage
Home equity / 2nd mortgage loans
Credit cards
Types of Loan Products


Estimated Total Savings Dividend Benefit
Credit Unions vs. Banking Institutions
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
-$100,000
-$200,000
$609,220
-$73,033
$0
$269,882
$73,363
Regular shares
Share draft checking
Money market accounts
Certificate accounts
Retirement (IRA) accounts
Type of Savings Product

Estimated South Dakota Credit Unions Financial Benefits

Mid-Year 2013

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. South Dakota Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	120,435,191	-1.62	$1,951,050
Used car loans	439,408,878	-1.64	$7,184,335
Personal unsecured loans	40,291,275	0.16	-$64,466
5-year adjustable rate 1st mortgage	249,443,202	-0.38	$935,412
15-year fixed rate 1st mortgage	104,197,441	0.00	-$5,210
30-year fixed rate 1st mortgage	84,079,311	0.02	-$16,816
Home equity / 2nd mortgage loans	174,852,522	-0.24	$419,646
Credit cards	49,194,863	-2.74	$1,132,712
Interest rebates in period			$4,874
Total CU member benefits arising from lower interest rates on loan products:			$11,541,537
Savings			
Regular shares	553,836,695	0.11	$609,220
Share draft checking	365,163,019	-0.02	-$73,033
Money market accounts	446,805,339	0.00	$0
Certificate accounts	674,705,737	0.04	$269,882
Retirement (IRA) accounts	183,408,290	0.04	$73,363
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$879,433
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$3,354,274
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$15,775,244
Total CU member benefit / member:			$63
Total CU member benefit / member household:			$120

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2012 and September 2011, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

South Dakota
Performance Profile

Demographic Information	Jun 13	Jun 12
Number of branches	99	103
Total assets ($ mil)	2,628	2,509
Total loans ($ mil)	1,526	1,487
Total surplus funds ($ mil)	977	918
Total savings ($ mil)	2,341	2,243
Total members (thousands)	253	249
Growth Rates (Trailing 12 months) *		
Total assets	4.7 %	7.3 %
Total loans	2.6 %	2.3 %
Total surplus funds	6.3 %	17.3 %
Total savings	4.3 %	7.1 %
Total members	1.2 %	2.2 %
Earnings - Basis Pts. *		
Yield on total assets	345	390
Dividend/interest cost of assets	58	80
Fee & other income	146	136
Operating expense	356	351
Loss Provisions	11	20
Net Income (ROA) after stabilization exp	66	76
Capital adequancy		
Net worth / assets	9.7	9.3
Asset quality *		
Delinquencies / loans	0.7	0.7
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	3	4
Bankruptcies per 1000 members	0.6	0.8
Asset/Liability Management		
Loans / savings	65.2	66.3
Loans / assets	58.1	59.3
Long-term assets / assets	27.7	25.9
Core deposits/shares & borrowings	41.5	38.7
Productivity		
Members/potentional members	9.6	9.0
Borrowers/members	61.6	60.4
Members/FTE	281	289
Average shares/members ($)	9,259	9,008
Average loan balances ($)	9,792	9,891
Salary & Benefits/FTE	58,202	55,485

*** 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.**