The Benefits of Membership

Customized Analysis of Member Benefits For:

Indiana

June 2014

Prepared by:

Credit Union National Association
Economics and Statistics Department

Indiana

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 Indiana credit unions provided $102,121,611 in direct financial benefits to the state's 2,243,928 members during the twelve months ending June 2014.

These benefits are equivalent to $46 per member or $86 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 Indiana 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 Indiana credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Indiana credit union will save members an average $119 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.

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

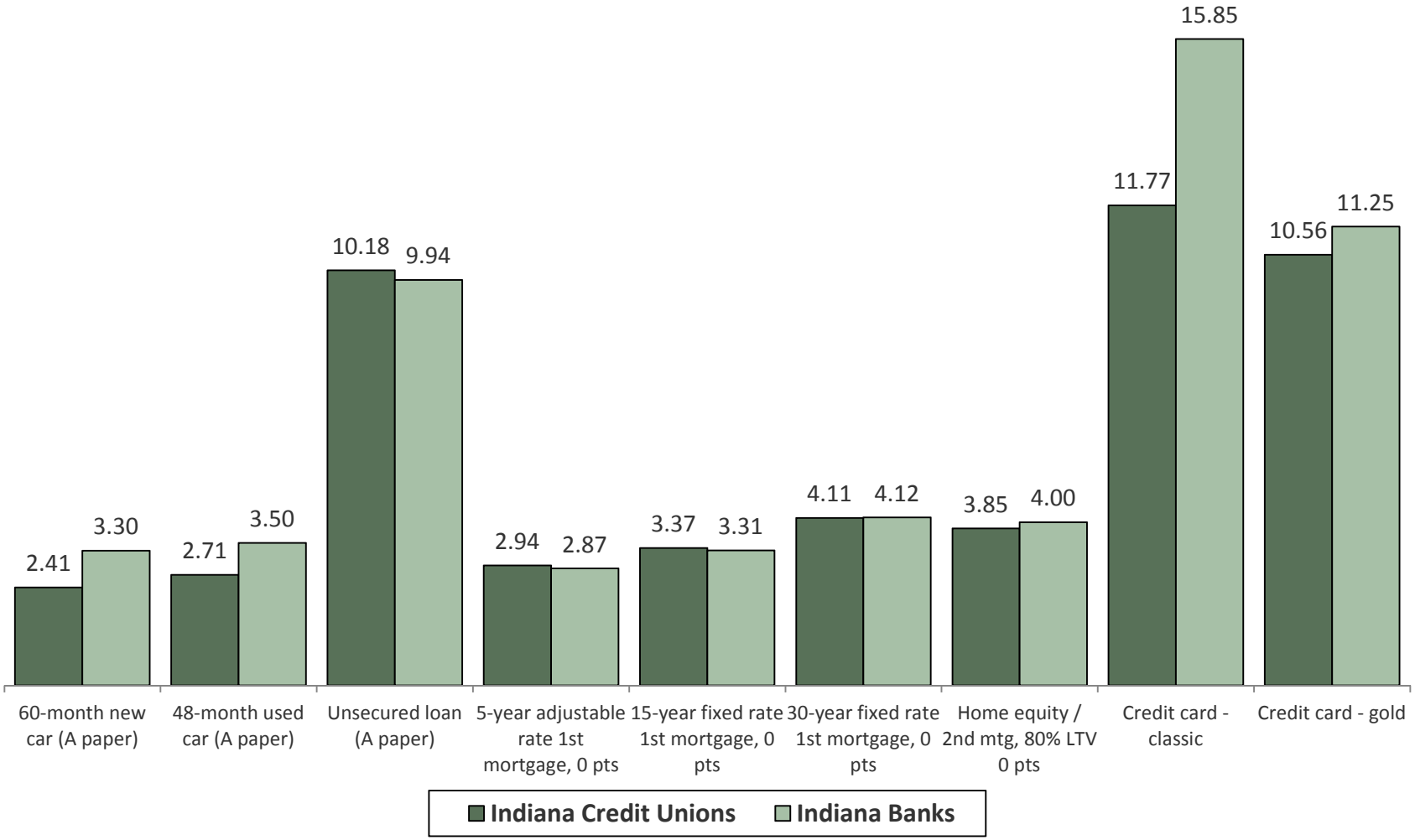
Indiana credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

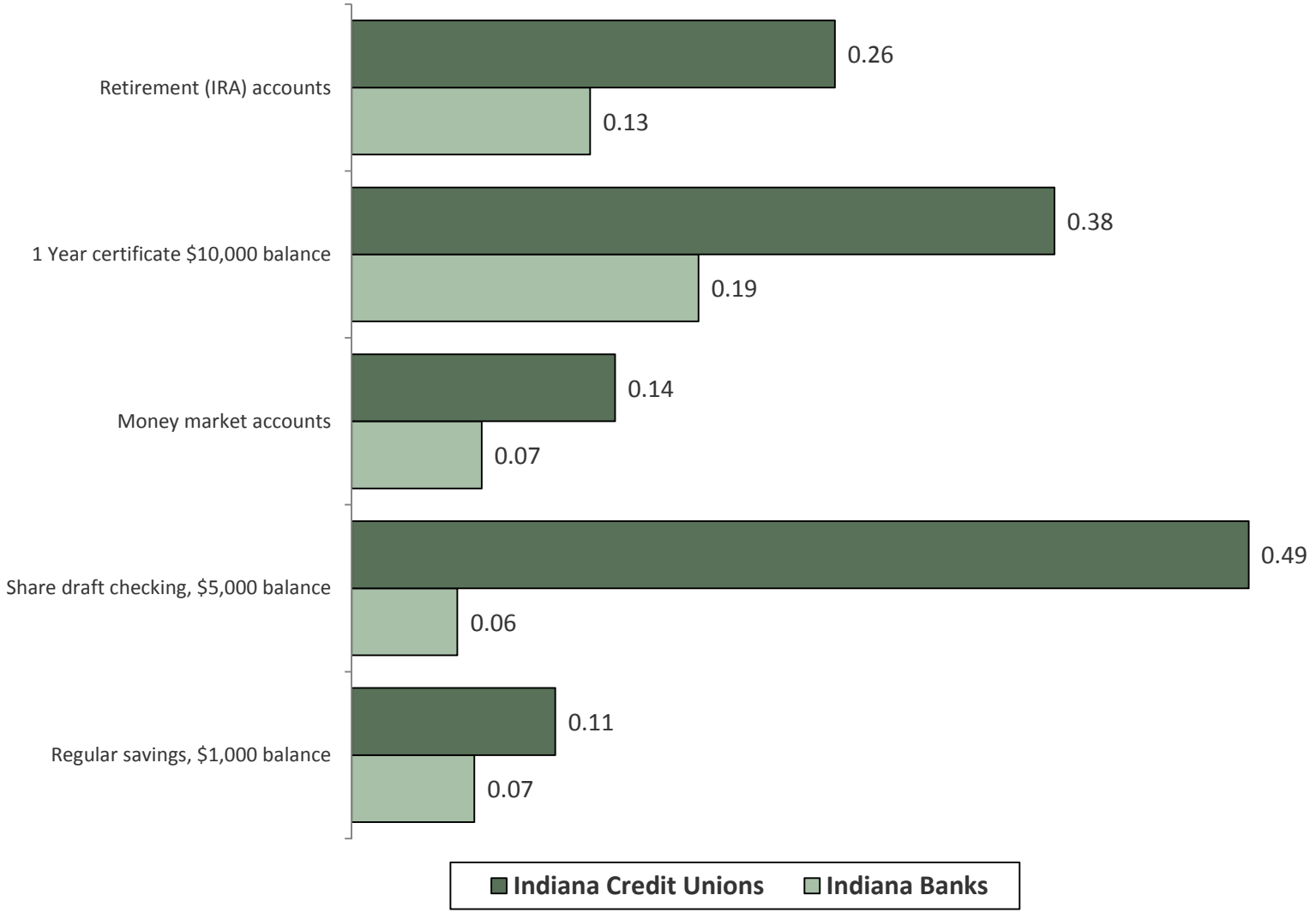
Loan Product Comparative Interest Rates (%)

By Loan Type



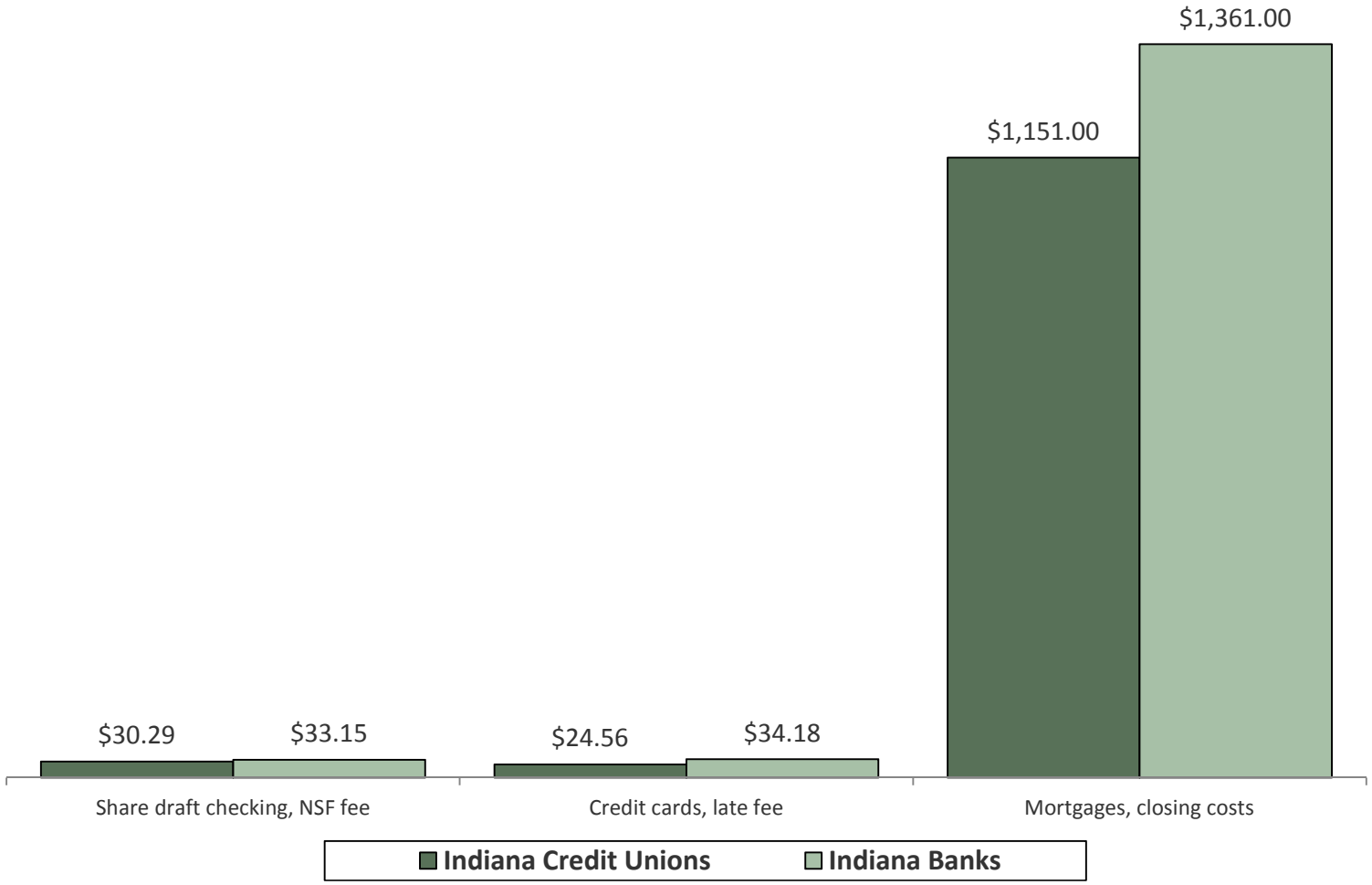
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Indiana
Credit Union and Banking Instituion
Mid-Year 2014 Average Interest Rates and Fees

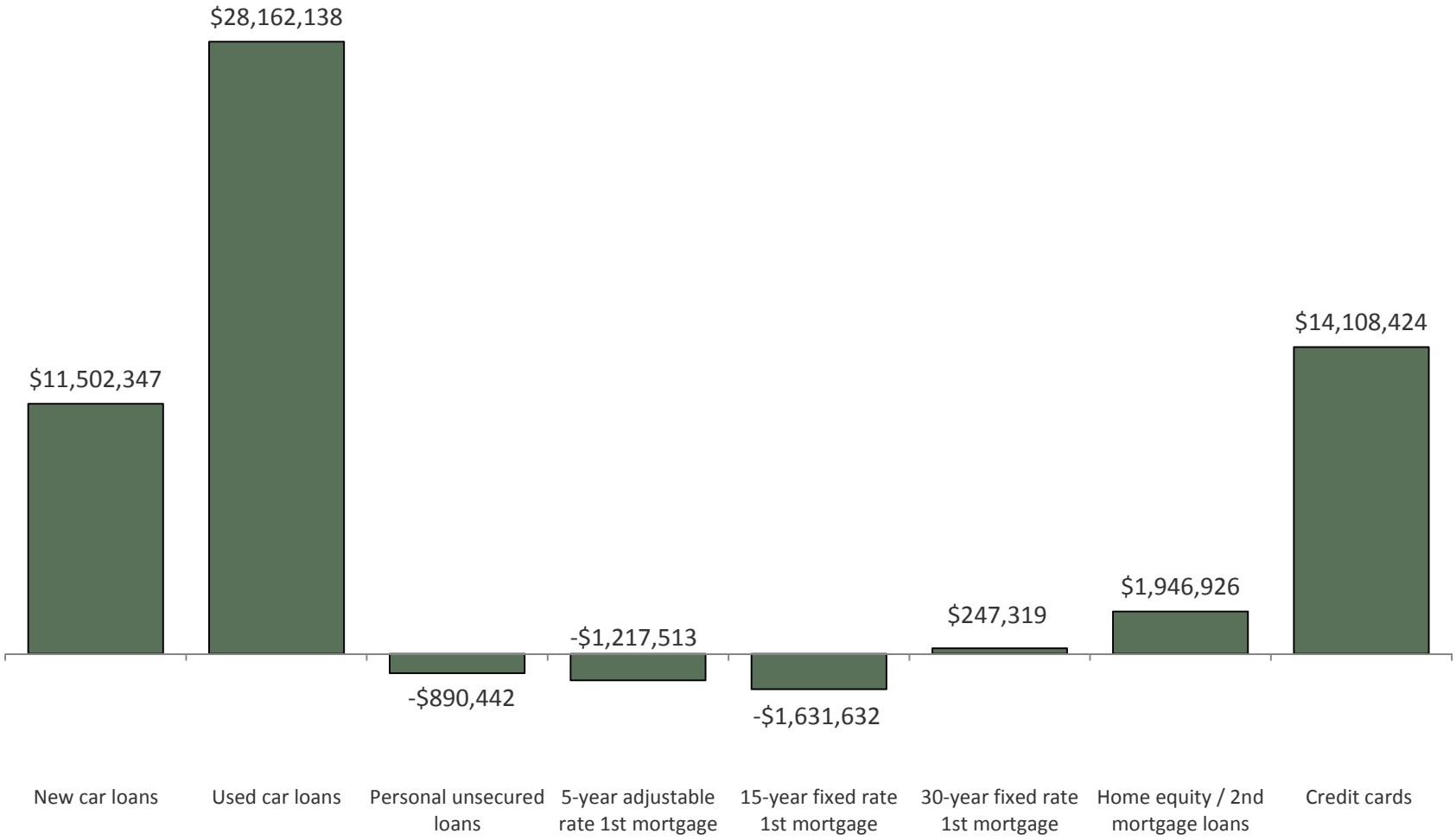
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.41	3.30	-0.90
48-month used car (A paper)	2.71	3.50	-0.79
Unsecured loan (A paper)	10.18	9.94	0.24
5-year adjustable rate 1st mortgage, 0 pts	2.94	2.87	0.08
15-year fixed rate 1st mortgage, 0 pts	3.37	3.31	0.06
30-year fixed rate 1st mortgage, 0 pts	4.11	4.12	-0.01
Home equity / 2nd mtg, 80% LTV 0 pts	3.85	4.00	-0.15
Credit card - classic	11.77	15.85	-4.08
Credit card - gold	10.56	11.25	-0.69
Savings Products			
Regular savings, $1,000 balance	0.11	0.07	0.04
Share draft checking, $5,000 balance	0.49	0.06	0.43
Money market accounts	0.14	0.07	0.07
1 Year certificate $10,000 balance	0.38	0.19	0.19
Retirement (IRA) accounts	0.26	0.13	0.13
Fee Income			
Share draft checking, NSF fee	$30.29	$33.15	-$2.87
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

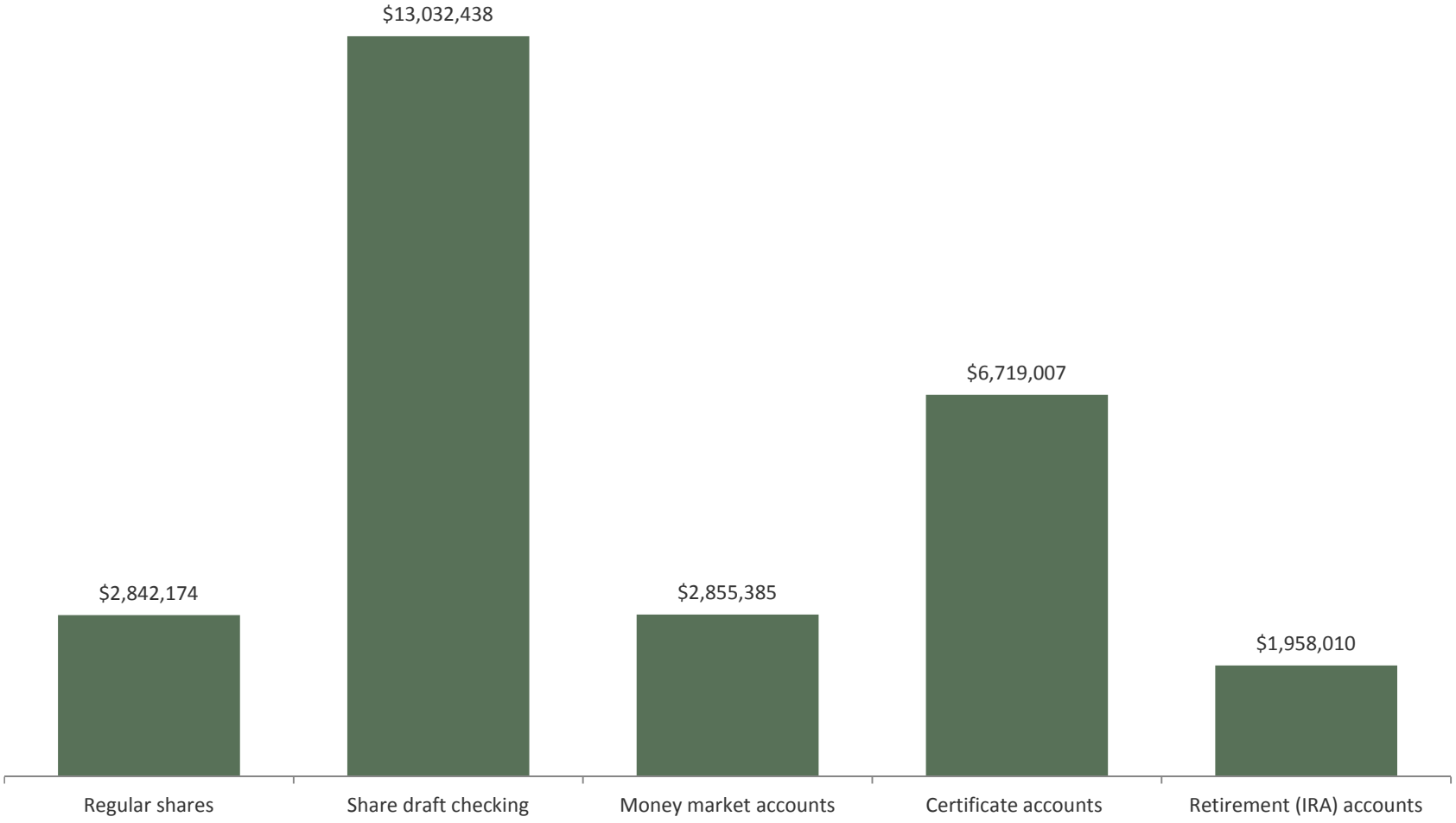
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Indiana Credit Unions

Mid-Year 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Indiana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,282,312,963	-0.90	$11,502,347
Used car loans	3,569,345,722	-0.79	$28,162,138
Personal unsecured loans	375,713,896	0.24	-$890,442
5-year adjustable rate 1st mortgage	1,623,350,368	0.08	-$1,217,513
15-year fixed rate 1st mortgage	2,589,892,681	0.06	-$1,631,632
30-year fixed rate 1st mortgage	1,648,795,314	-0.01	$247,319
Home equity / 2nd mortgage loans	1,280,872,575	-0.15	$1,946,926
Credit cards	436,455,514	-4.08	$14,108,424
Interest rebates in period			$379,571
Total CU member benefits arising from lower interest rates on loan products:			$52,607,139
Savings			
Regular shares	6,461,539,247	0.04	$2,842,174
Share draft checking	3,025,023,179	0.43	$13,032,438
Money market accounts	3,929,125,309	0.07	$2,855,385
Certificate accounts	3,467,583,949	0.19	$6,719,007
Retirement (IRA) accounts	1,469,765,397	0.13	$1,958,010
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$27,407,013
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$22,107,459
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$102,121,611
Total CU member benefit / member:			$46
Total CU member benefit / member household:			$86

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2014 and June 2013, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Indiana
Performance Profile

Demographic Information	Jun 14	Jun 13
Number of branches	598	600
Total assets ($ mil)	22,091	21,473
Total loans ($ mil)	14,173	13,106
Total surplus funds ($ mil)	7,018	7,526
Total savings ($ mil)	18,933	18,565
Total members (thousands)	2,259	2,240
Growth Rates (Trailing 12 months) *		
Total assets	3.2 %	4.8 %
Total loans	8.3 %	5.3 %
Total surplus funds	-6.3 %	3.6 %
Total savings	2.3 %	4.9 %
Total members	1.4 %	-0.8 %
Earnings - Basis Pts. *		
Yield on total assets	324	325
Dividend/interest cost of assets	50	58
Fee & other income	148	147
Operating expense	348	336
Loss Provisions	16	18
Net Income (ROA) after stabilization exp	58	59
Capital adequacy		
Net worth / assets	10.7	10.5
Asset quality *		
Delinquencies / loans	0.7	0.7
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	15	15
Bankruptcies per 1000 members	1.1	1.2
Asset/Liability Management		
Loans / savings	74.9	70.6
Loans / assets	64.2	61.0
Long-term assets / assets	37.7	37.1
Core deposits/shares & borrowings	49.9	49.9
Productivity		
Members/potential members	9.6	9.7
Borrowers/members	46.8	44.4
Members/FTE	361	360
Average shares/members ($)	8,380	8,288
Average loan balances ($)	13,393	13,184
Salary & Benefits/FTE	59,632	57,407

*** 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.**