The Benefits of Membership

Customized Analysis of Member Benefits For:

Wisconsin

September 2014

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Economics and Statistics Department

Wisconsin

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 Wisconsin credit unions provided $108,135,803 in direct financial benefits to the state's 2,456,491 members during the twelve months ending September 2014.

These benefits are equivalent to $57 per member or $108 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 Wisconsin 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 Wisconsin credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Wisconsin credit union will save members an average $116 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.

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

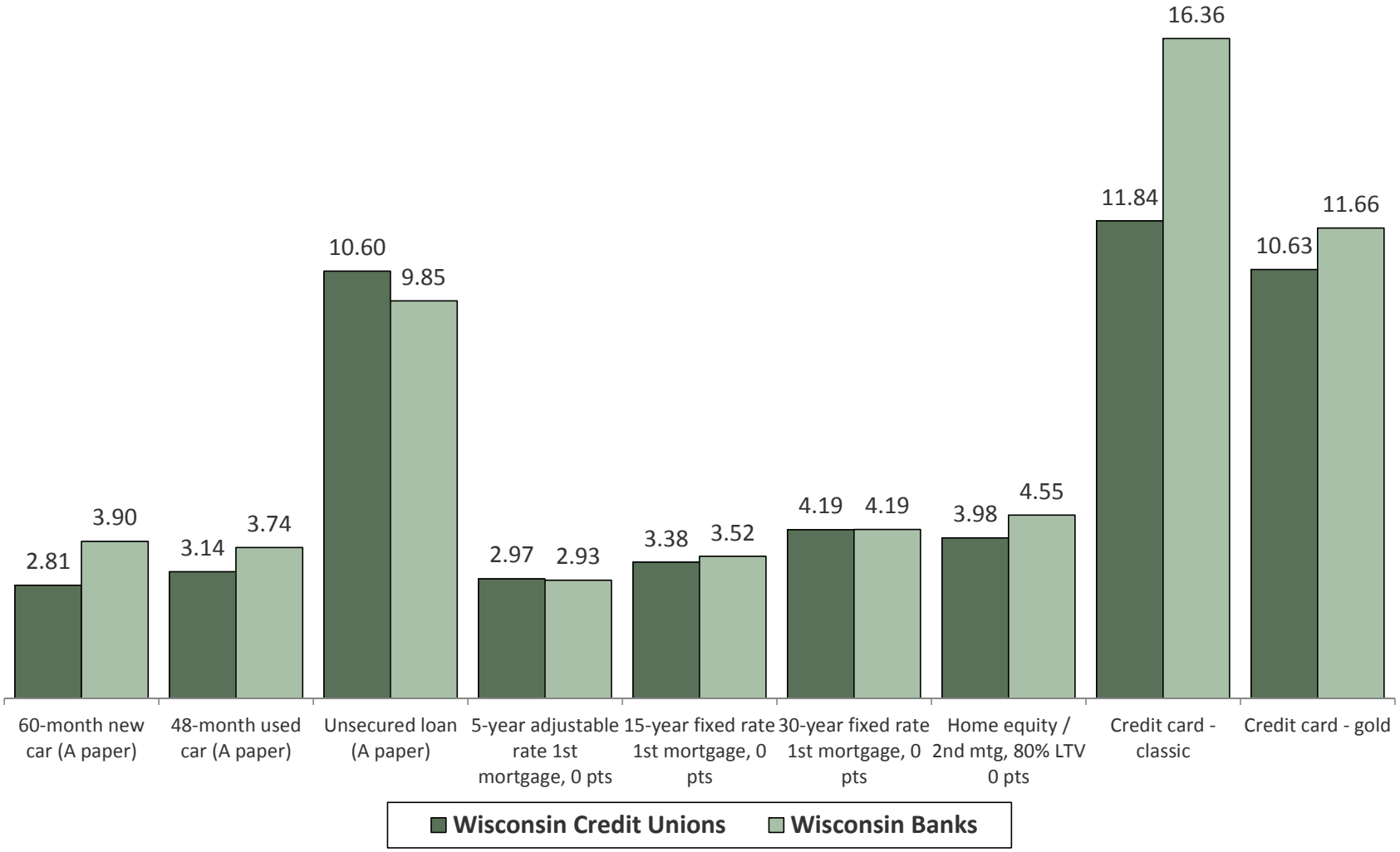
Wisconsin credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

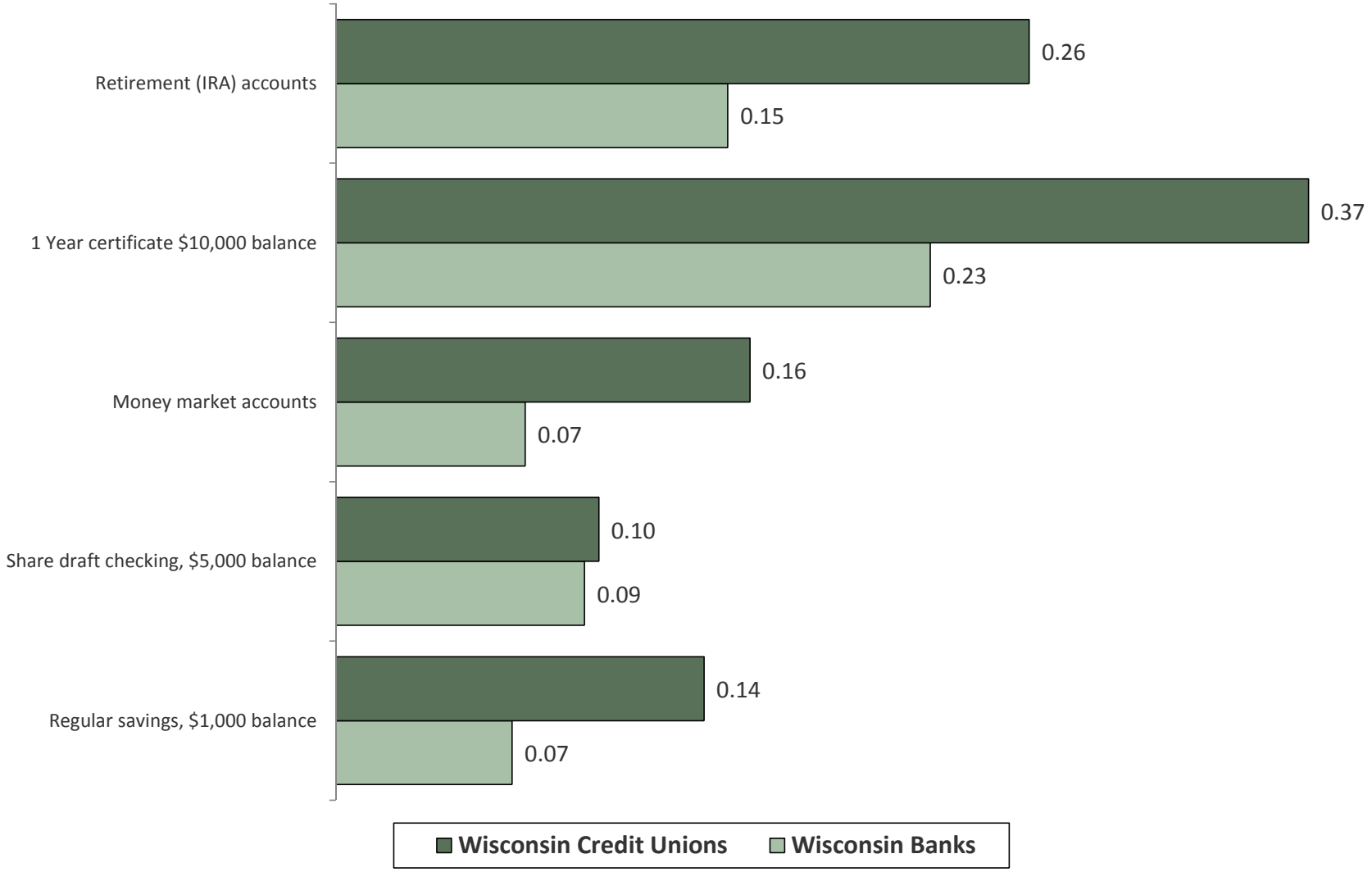
Loan Product Comparative Interest Rates (%)

By Loan Type



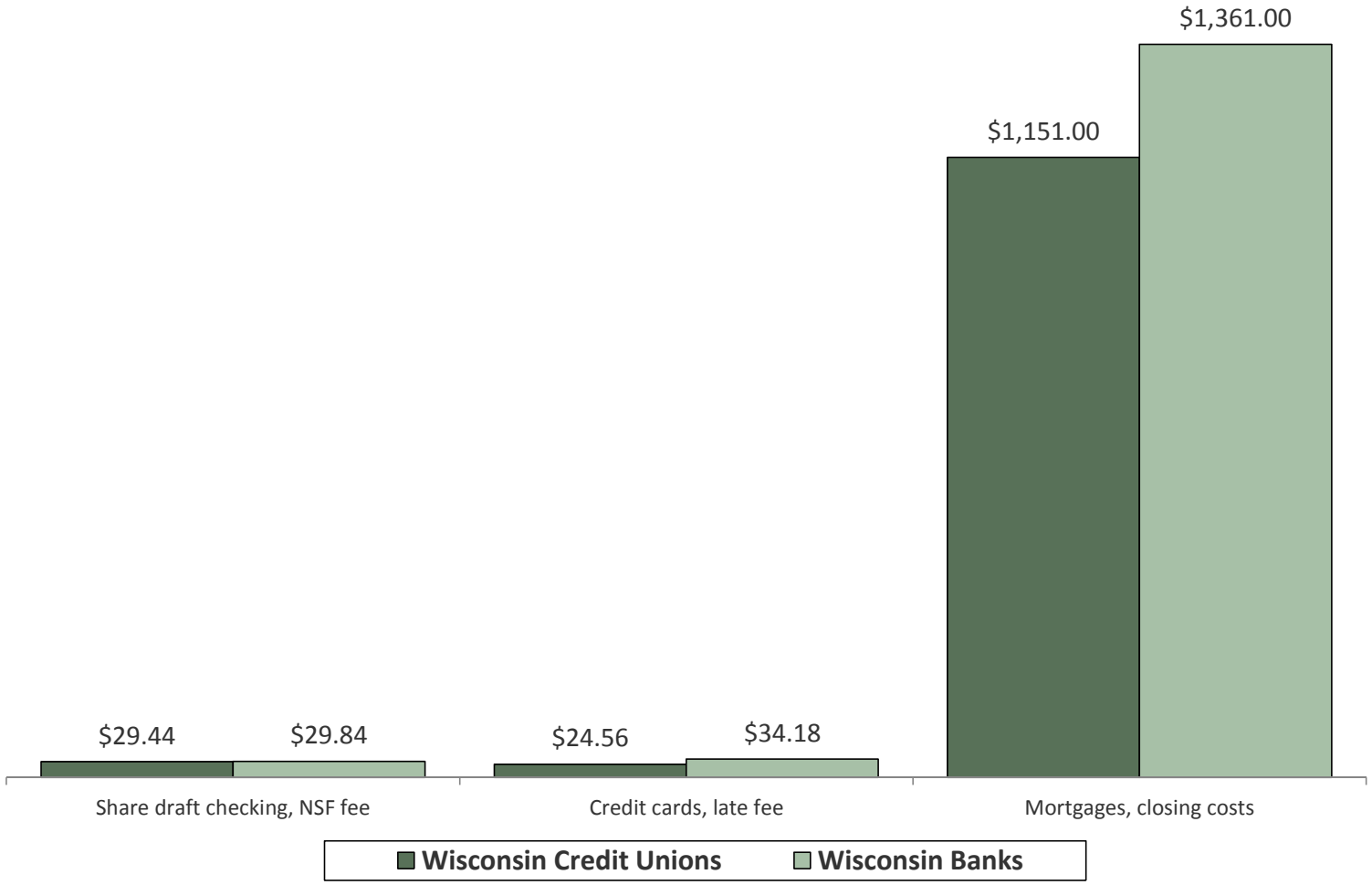
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Wisconsin
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

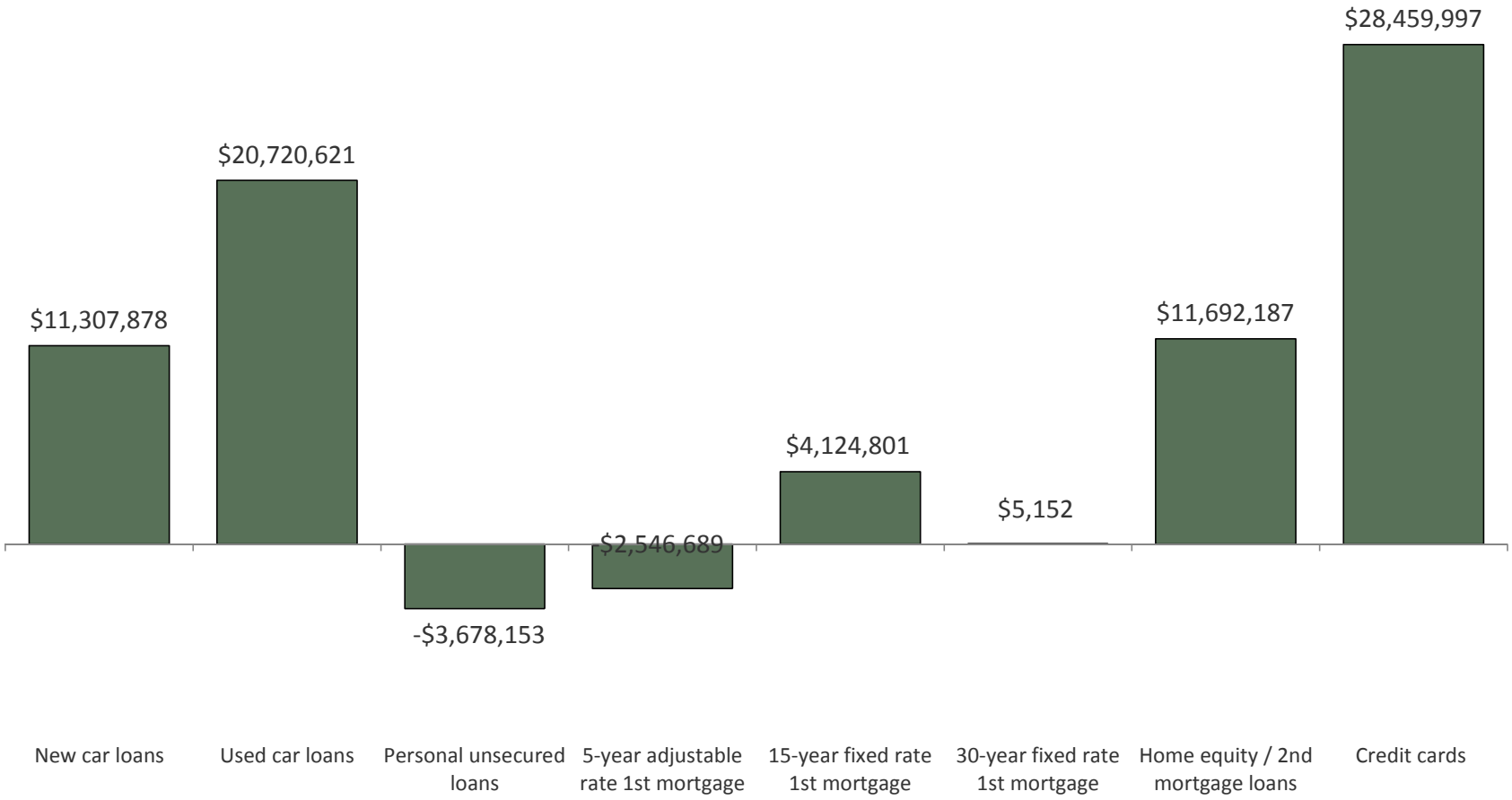
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.81	3.90	-1.09
48-month used car (A paper)	3.14	3.74	-0.60
Unsecured loan (A paper)	10.60	9.85	0.74
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.93	0.04
15-year fixed rate 1st mortgage, 0 pts	3.38	3.52	-0.14
30-year fixed rate 1st mortgage, 0 pts	4.19	4.19	0.00
Home equity / 2nd mtg, 80% LTV 0 pts	3.98	4.55	-0.57
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	0.14	0.07	0.07
Share draft checking, $5,000 balance	0.10	0.09	0.01
Money market accounts	0.16	0.07	0.09
1 Year certificate $10,000 balance	0.37	0.23	0.14
Retirement (IRA) accounts	0.26	0.15	0.11
Fee Income			
Share draft checking, NSF fee	$29.44	$29.84	-$0.40
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

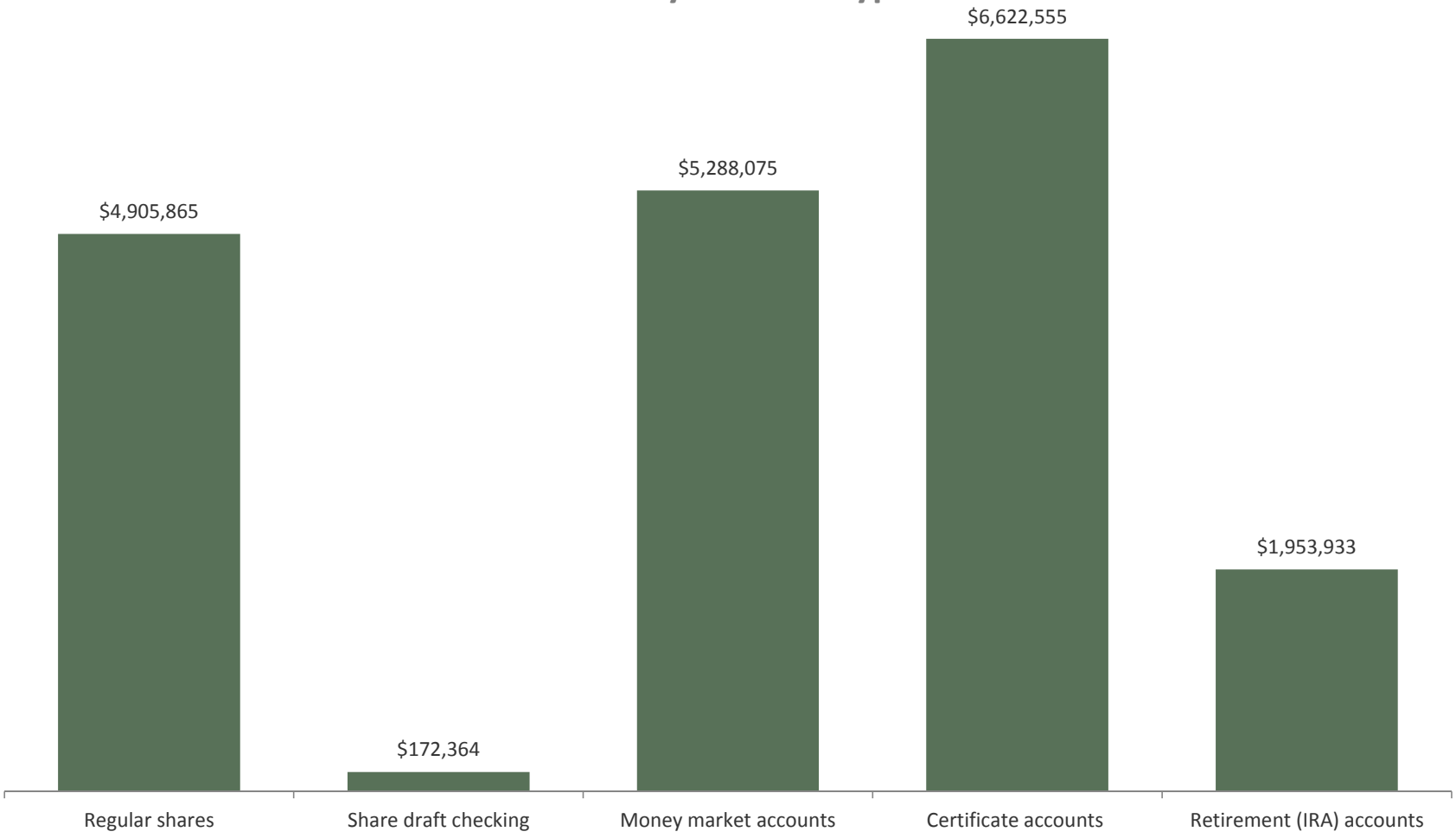
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Wisconsin Credit Unions

September 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Wisconsin Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,038,372,636	-1.09	$11,307,878
Used car loans	3,436,255,553	-0.60	$20,720,621
Personal unsecured loans	496,376,928	0.74	-$3,678,153
5-year adjustable rate 1st mortgage	6,701,813,571	0.04	-$2,546,689
15-year fixed rate 1st mortgage	2,884,476,432	-0.14	$4,124,801
30-year fixed rate 1st mortgage	515,212,401	0.00	$5,152
Home equity / 2nd mortgage loans	2,051,260,844	-0.57	$11,692,187
Credit cards	780,260,383	-4.52	$28,459,997
Interest rebates in period			$784,981
Total CU member benefits arising from lower interest rates on loan products:			$70,870,775
Savings			
Regular shares	6,721,559,002	0.07	$4,905,865
Share draft checking	3,151,037,528	0.01	$172,364
Money market accounts	6,184,883,583	0.09	$5,288,075
Certificate accounts	4,602,316,900	0.14	$6,622,555
Retirement (IRA) accounts	1,703,545,173	0.11	$1,953,933
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on savings products:			$18,942,793
Fee Income			
Total CU member benefit arising from fewer / lower fees:			$14,837,923
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			$104,651,491
Total CU member benefit / member:			$43
Total CU member benefit / member household:			$81

Source: Informa Research Services, NCUA, and CUNA

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

Wisconsin
Performance Profile

Demographic Information	Sep 14	Sep 13
Number of branches	632	622
Total assets ($ mil)	27,281	25,890
Total loans ($ mil)	20,814	19,080
Total surplus funds ($ mil)	5,314	5,751
Total savings ($ mil)	23,520	22,470
Total members (thousands)	2,548	2,449
Growth Rates (Trailing 12 months) *		
Total assets	9.0 %	6.6 %
Total loans	12.9 %	5.9 %
Total surplus funds	-4.9 %	9.0 %
Total savings	8.2 %	6.1 %
Total members	7.7 %	5.6 %
Earnings - Basis Pts. *		
Yield on total assets	355	356
Dividend / interest cost of assets	44	48
Fee & other income	132	151
Operating expense	329	334
Loss Provisions	20	31
Net Income (ROA) after stabilization exp	94	94
Capital adequacy		
Net worth / assets	10.8	10.4
Asset quality *		
Delinquencies / loans	1.0	1.2
Net chargeoffs / average loans	0.3	0.4
Total borrower-bankruptcies	25	24
Bankruptcies per 1000 members	1.6	1.8
Asset/Liability Management		
Loans / savings	88.5	84.9
Loans / assets	76.3	73.7
Long-term assets / assets	33.8	33.3
Core deposits/shares & borrowings	44.3	41.9
Productivity		
Members / potential members	4.9	5.0
Borrowers / members	65.8	64.4
Members / FTE	338	335
Average shares / members ($)	9,230	9,175
Average loan balances ($)	12,421	12,107
Salary & Benefits / FTE	59,324	59,051

*** 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.**