

The Benefits of Membership

Customized Analysis of Member Benefits For:

Iowa

December 2011

Prepared by:

***Credit Union National Association
Economics and Statistics Department***



Iowa

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 Iowa credit unions provided \$67,091,092 in direct financial benefits to the state's 957,225 members during the twelve months ending December 2011.

These benefits are equivalent to \$70 per member or \$133 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 Iowa 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 Iowa credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Iowa credit union will save members an average \$244 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.

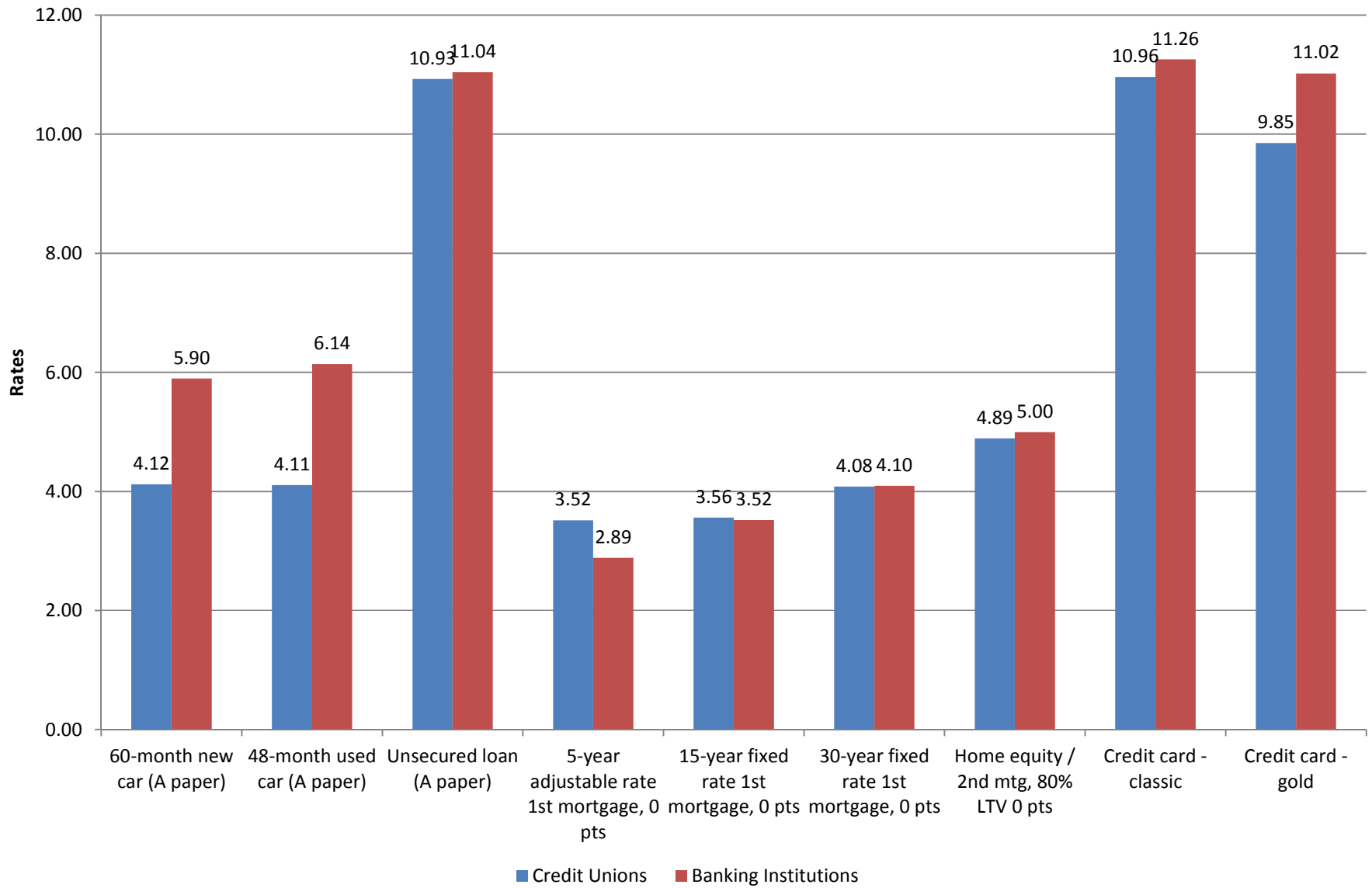
Iowa credit unions excel in providing member benefits on many loan and saving products. In particular, Iowa credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans, credit cards loans.

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

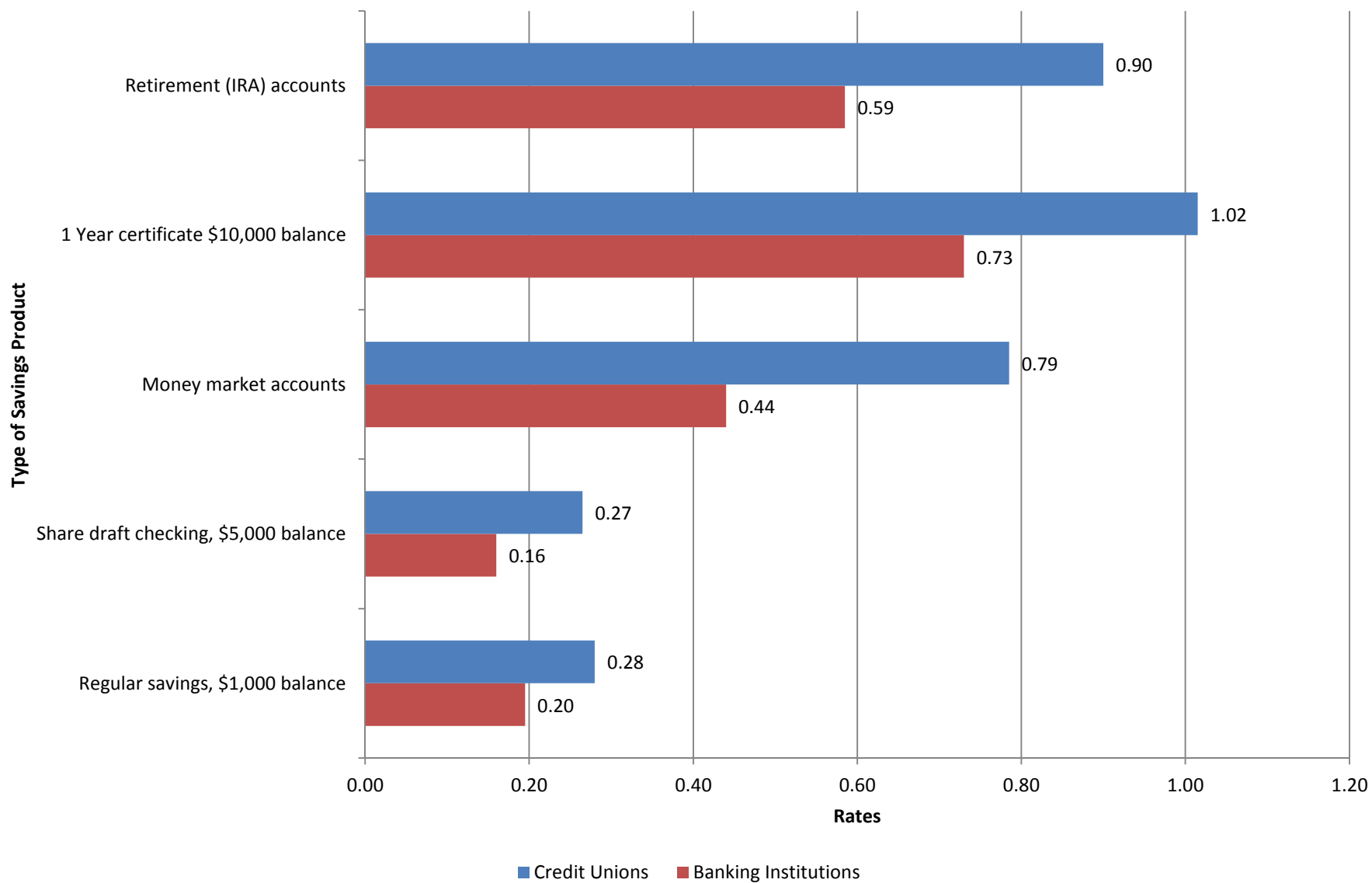


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



Recent Comparative Interest Rates for Savings Products Credit Unions vs. Banking Institutions



Selected December 2011 Fees Credit Unions vs Banking Institutions

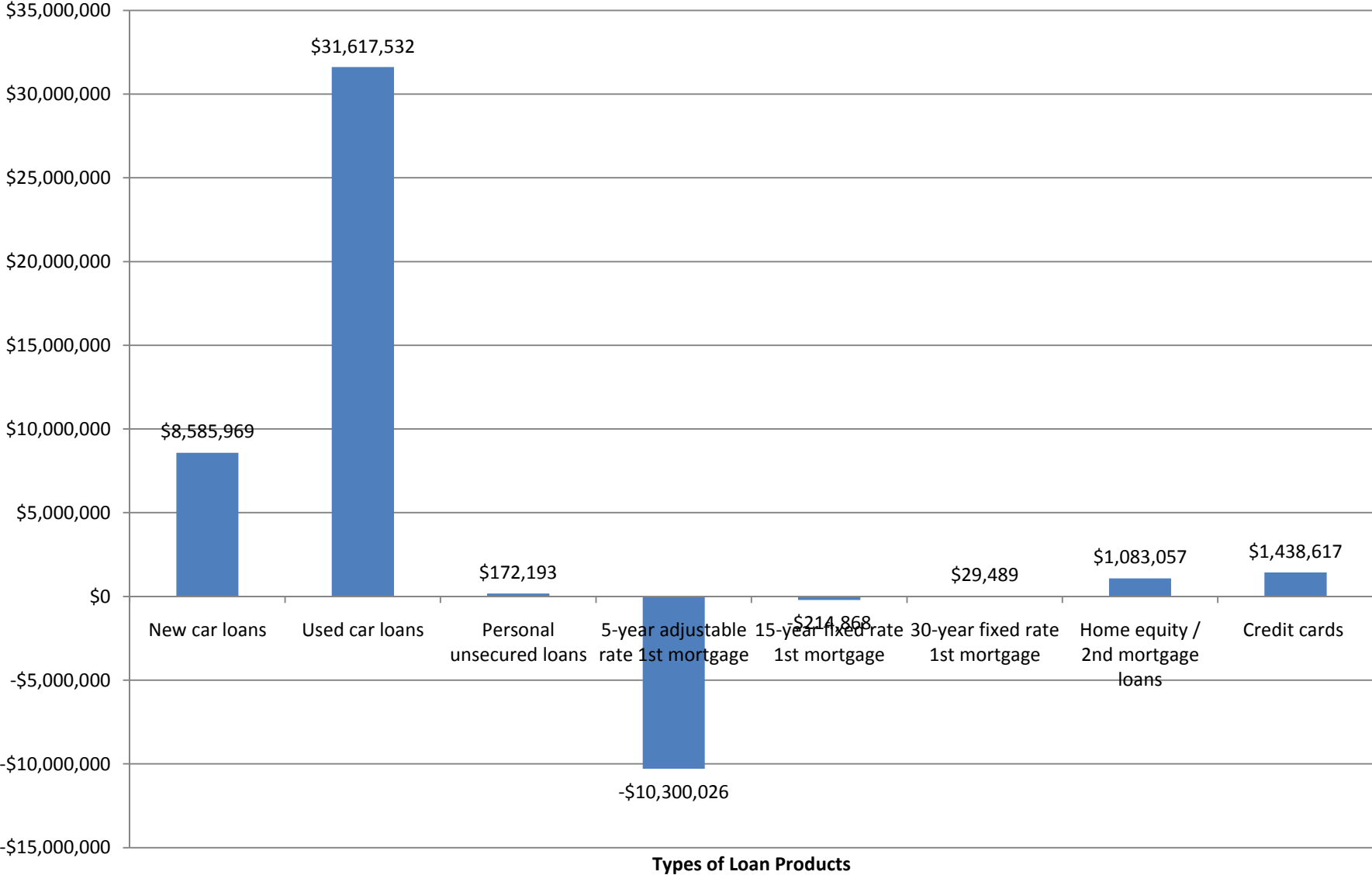


Iowa
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

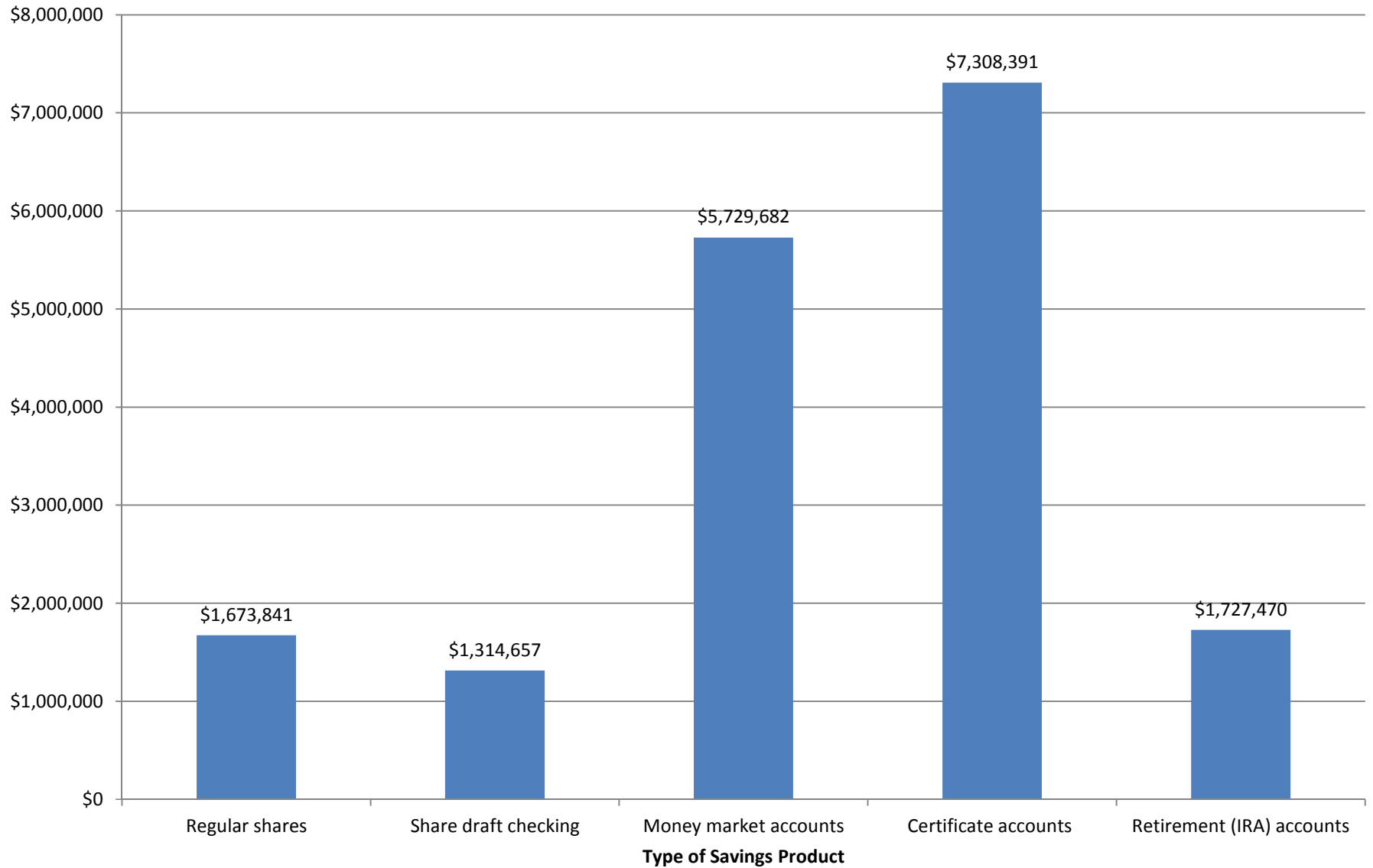
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.12	5.90	-1.78
48-month used car (A paper)	4.11	6.14	-2.04
Unsecured loan (A paper)	10.93	11.04	-0.11
5-year adjustable rate 1st mortgage, 0 pts	3.52	2.89	0.63
15-year fixed rate 1st mortgage, 0 pts	3.56	3.52	0.04
30-year fixed rate 1st mortgage, 0 pts	4.08	4.10	-0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.89	5.00	-0.11
Credit card - classic	10.96	11.26	-0.30
Credit card - gold	9.85	11.02	-1.17
Savings Products			
Regular savings, \$1,000 balance	0.28	0.20	0.09
Share draft checking, \$5,000 balance	0.27	0.16	0.11
Money market accounts	0.79	0.44	0.35
1 Year certificate \$10,000 balance	1.02	0.73	0.29
Retirement (IRA) accounts	0.90	0.59	0.32
Fee Income			
Share draft checking, NSF fee	\$25.00	\$30.00	-\$5.00
Credit cards, late fee	\$20.00	\$35.00	-\$15.00
Mortgages, closing costs	\$2,280.00	\$2,309.00	-\$29.00

Source: Datatrac

Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



Estimated Iowa Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Iowa Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	483,716,587	-1.78	\$8,585,969
Used car loans	1,553,687,060	-2.04	\$31,617,532
Personal unsecured loans	149,733,224	-0.11	\$172,193
5-year adjustable rate 1st mortgage	1,634,924,715	0.63	-\$10,300,026
15-year fixed rate 1st mortgage	537,170,199	0.04	-\$214,868
30-year fixed rate 1st mortgage	196,590,064	-0.02	\$29,489
Home equity / 2nd mortgage loans	1,031,482,961	-0.11	\$1,083,057
Credit cards	280,022,806	-0.30	\$1,438,617
Interest rebates in period			\$79,621
Total CU member benefits arising from lower interest rates on loan products:			\$32,491,584
 <u>Savings</u>			
Regular shares	1,969,224,161	0.09	\$1,673,841
Share draft checking	1,252,054,450	0.11	\$1,314,657
Money market accounts	1,660,777,263	0.35	\$5,729,682
Certificate accounts	2,564,347,645	0.29	\$7,308,391
Retirement (IRA) accounts	548,403,194	0.32	\$1,727,470
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$17,754,040
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$16,845,467
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$67,091,092
 Total CU member benefit / member:			\$70
Total CU member benefit / member household:			\$133

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2011 and September 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Iowa
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	296	296
Total assets (\$ mil)	9,914	8,913
Total loans (\$ mil)	6,630	6,017
Total surplus funds (\$ mil)	2,884	2,499
Total savings (\$ mil)	8,515	7,684
Total members (thousands)	976	945
Growth Rates (Trailing 12 months) *		
Total assets	11.2 %	9.2 %
Total loans	10.2 %	8.6 %
Total surplus funds	15.4 %	8.6 %
Total savings	10.8 %	11.0 %
Total members	3.3 %	2.5 %
Earnings - Basis Pts. *		
Yield on total assets	445	482
Dividend/interest cost of assets	117	141
Fee & other income	142	148
Operating expense	334	353
Loss Provisions	36	36
Net Income (ROA) after stabilization exp	100	100
Capital adequacy		
Net worth / assets	10.0	10.1
Asset quality *		
Delinquencies / loans	0.9	1.2
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	16	17
Bankruptcies per 1000 members	2.1	2.4
Asset/Liability Management		
Loans / savings	77.9	78.3
Loans / assets	66.9	67.5
Long-term assets / assets	32.7	30.7
Core deposits/shares & borrowings	39.1	38.2
Productivity		
Members/potential members	5.4	5.4
Borrowers/members	58.6	55.8
Members/FTE	349	343
Average shares/members (\$)	8,723	8,130
Average loan balances (\$)	11,599	11,402
Salary & Benefits/FTE	56,021	52,902

* 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.