

The Benefits of Membership

Customized Analysis of Member Benefits For:

Louisiana

December 2011

Prepared by:

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Economics and Statistics Department***



Louisiana

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 Louisiana credit unions provided \$69,005,477 in direct financial benefits to the state's 1,184,256 members during the twelve months ending December 2011.

These benefits are equivalent to \$58 per member or \$111 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 Louisiana 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 Louisiana credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Louisiana credit union will save members an average \$149 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.

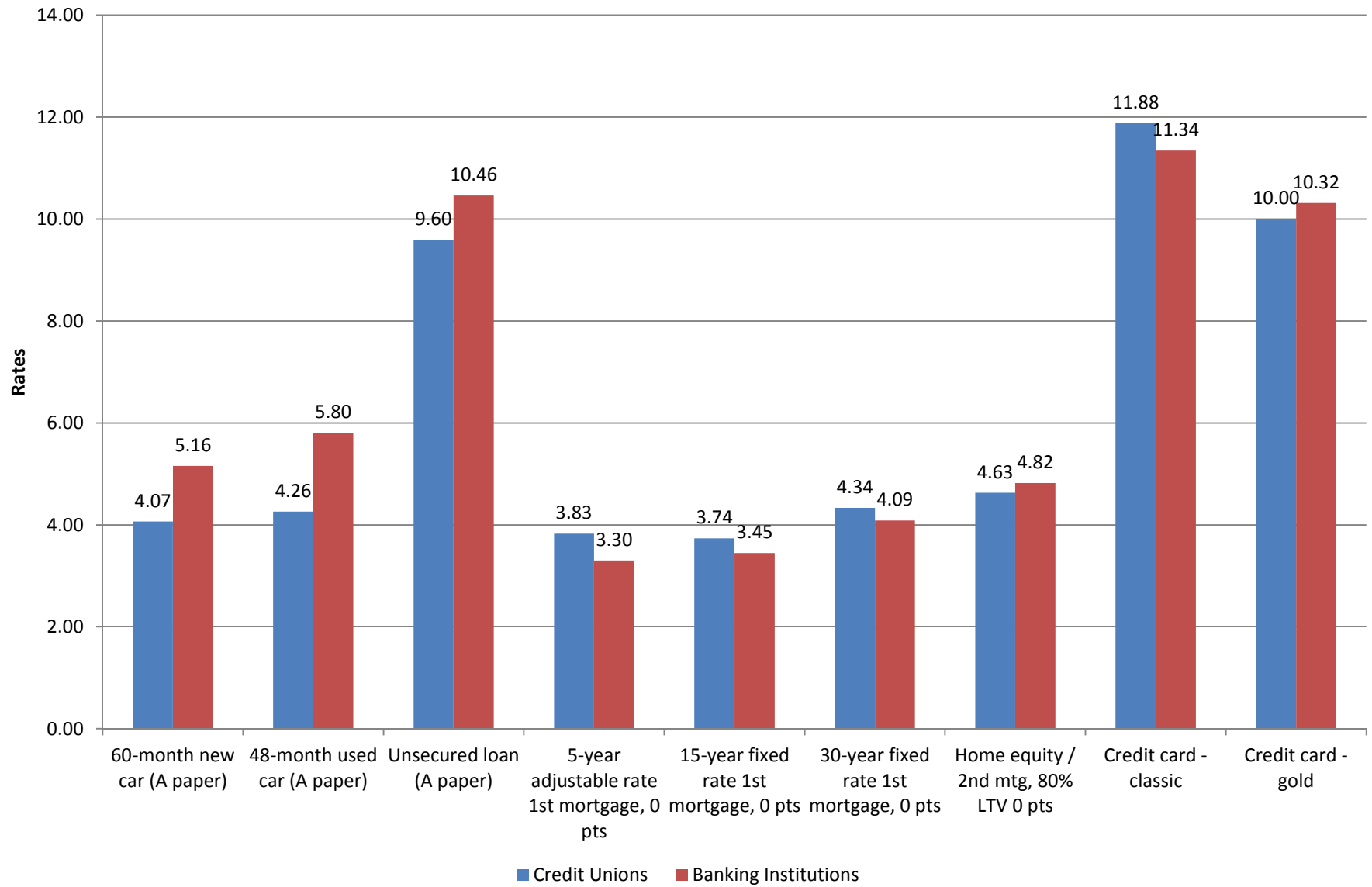
Louisiana credit unions excel in providing member benefits on many loan and saving products. In particular, Louisiana credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans,

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

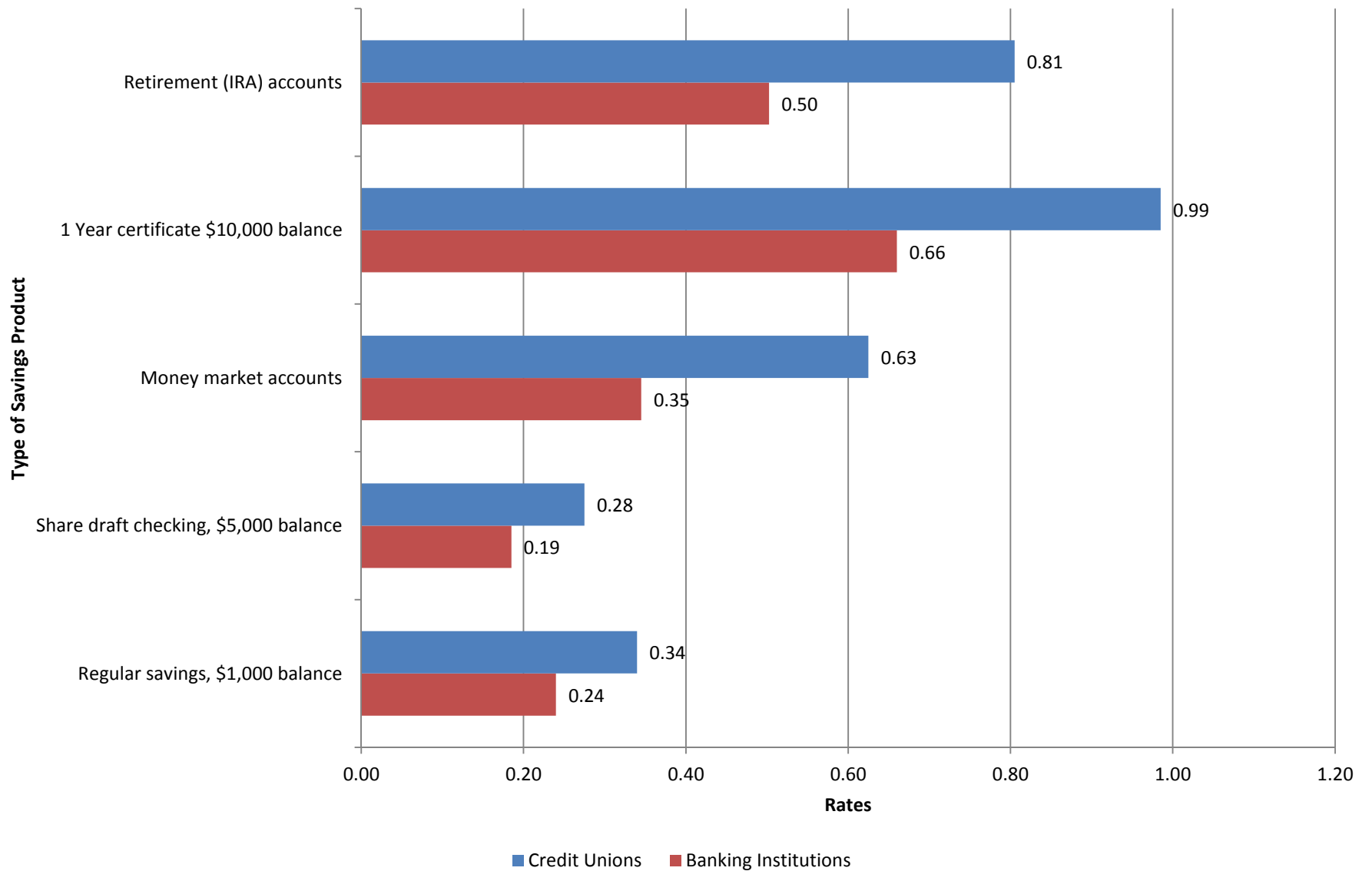


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

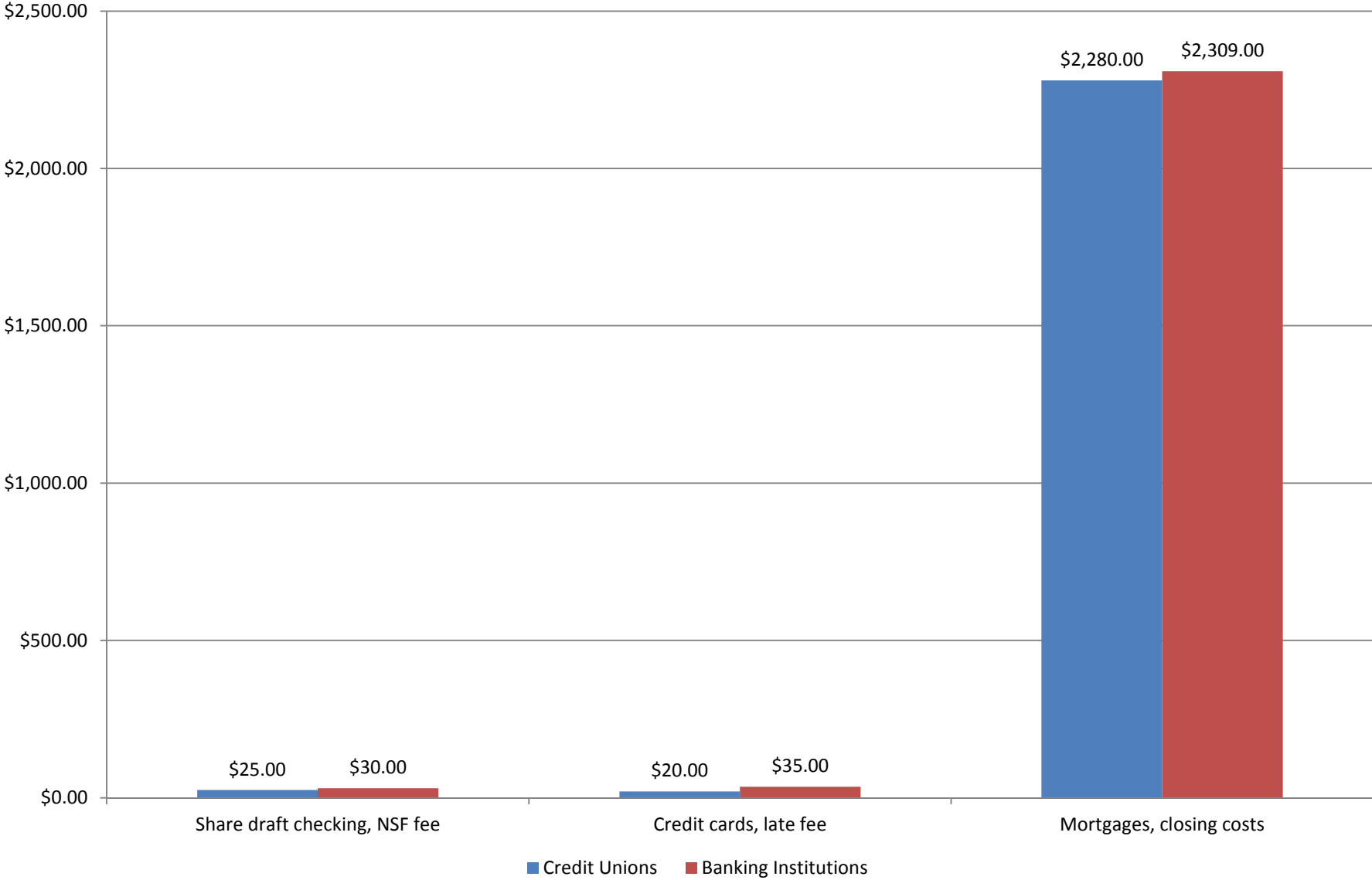
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



Selected December 2011 Fees Credit Unions vs Banking Institutions

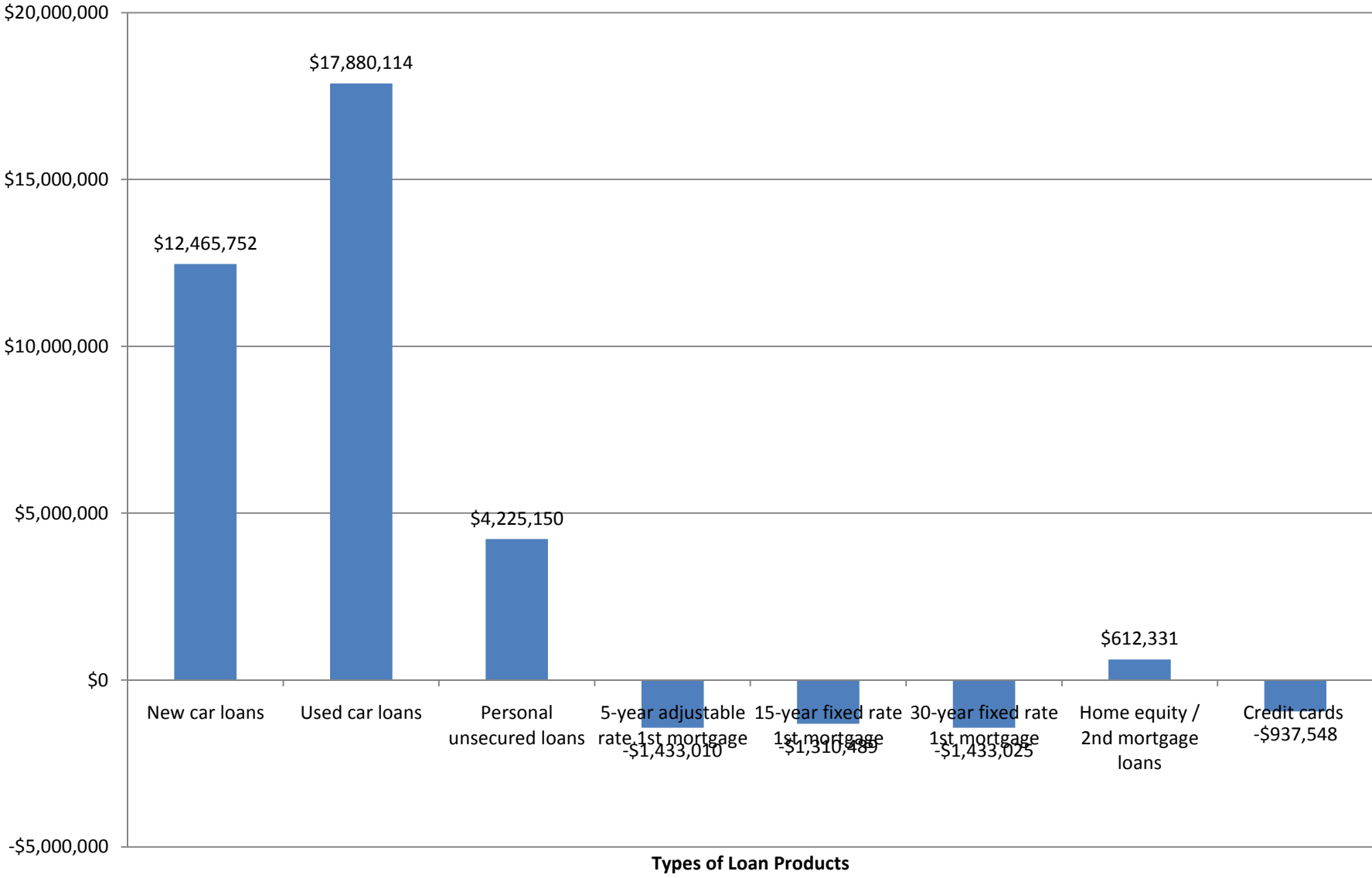


Louisiana
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

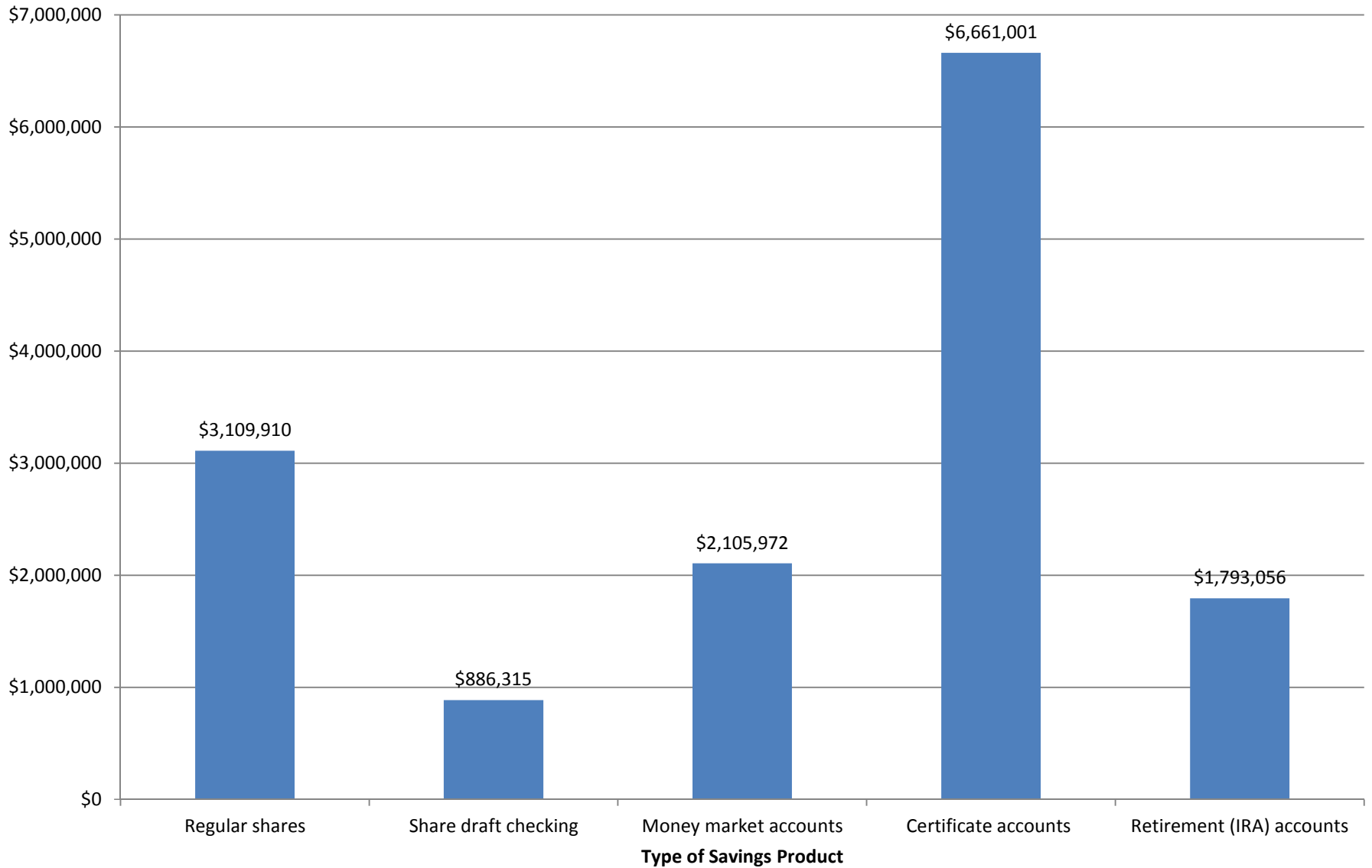
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.07	5.16	-1.09
48-month used car (A paper)	4.26	5.80	-1.54
Unsecured loan (A paper)	9.60	10.46	-0.87
5-year adjustable rate 1st mortgage, 0 pts	3.83	3.30	0.53
15-year fixed rate 1st mortgage, 0 pts	3.74	3.45	0.29
30-year fixed rate 1st mortgage, 0 pts	4.34	4.09	0.25
Home equity / 2nd mtg, 80% LTV 0 pts	4.63	4.82	-0.19
Credit card - classic	11.88	11.34	0.54
Credit card - gold	10.00	10.32	-0.32
Savings Products			
Regular savings, \$1,000 balance	0.34	0.24	0.10
Share draft checking, \$5,000 balance	0.28	0.19	0.09
Money market accounts	0.63	0.35	0.28
1 Year certificate \$10,000 balance	0.99	0.66	0.33
Retirement (IRA) accounts	0.81	0.50	0.30
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 Louisiana Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Louisiana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,143,646,988	-1.09	\$12,465,752
Used car loans	1,161,046,376	-1.54	\$17,880,114
Personal unsecured loans	488,456,693	-0.87	\$4,225,150
5-year adjustable rate 1st mortgage	272,954,313	0.53	-\$1,433,010
15-year fixed rate 1st mortgage	459,820,739	0.29	-\$1,310,489
30-year fixed rate 1st mortgage	573,210,033	0.25	-\$1,433,025
Home equity / 2nd mortgage loans	322,279,566	-0.19	\$612,331
Credit cards	287,371,067	0.54	-\$937,548
Interest rebates in period			\$202,989
Total CU member benefits arising from lower interest rates on loan products:			\$30,272,264
 <u>Savings</u>			
Regular shares	3,109,909,862	0.10	\$3,109,910
Share draft checking	984,794,963	0.09	\$886,315
Money market accounts	752,132,727	0.28	\$2,105,972
Certificate accounts	2,049,538,693	0.33	\$6,661,001
Retirement (IRA) accounts	592,745,802	0.30	\$1,793,056
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$14,556,254
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$24,176,959
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$69,005,477
 Total CU member benefit / member:			\$58
Total CU member benefit / member household:			\$111

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;

**Louisiana
Performance Profile**

Demographic Information	Dec 11	Dec 10
Number of branches	460	447
Total assets (\$ mil)	8,882	8,444
Total loans (\$ mil)	5,268	5,137
Total surplus funds (\$ mil)	3,198	2,904
Total savings (\$ mil)	7,797	7,385
Total members (thousands)	1,186	1,188
Growth Rates (Trailing 12 months) *		
Total assets	5.2 %	2.7 %
Total loans	2.5 %	4.0 %
Total surplus funds	10.1 %	-0.5 %
Total savings	5.6 %	3.5 %
Total members	-0.2 %	1.8 %
Earnings - Basis Pts. *		
Yield on total assets	444	476
Dividend/interest cost of assets	91	115
Fee & other income	169	150
Operating expense	438	436
Loss Provisions	35	56
Net Income (ROA) after stabilization exp	49	19
Capital adequacy		
Net worth / assets	11.6	11.7
Asset quality *		
Delinquencies / loans	1.4	1.4
Net chargeoffs / average loans	0.7	0.8
Total borrower-bankruptcies	15	15
Bankruptcies per 1000 members	2.7	2.8
Asset/Liability Management		
Loans / savings	67.6	69.6
Loans / assets	59.3	60.8
Long-term assets / assets	22.7	22.5
Core deposits/shares & borrowings	54.5	53.3
Productivity		
Members/potential members	11.2	11.9
Borrowers/members	46.4	45.7
Members/FTE	336	339
Average shares/members (\$)	6,573	6,215
Average loan balances (\$)	9,576	9,466
Salary & Benefits/FTE	50,995	48,633

* 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.