

The Benefits of Membership

Customized Analysis of Member Benefits For:

Missouri

December 2011

Prepared by:

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



Missouri

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 Missouri credit unions provided \$84,624,608 in direct financial benefits to the state's 1,190,238 members during the twelve months ending December 2011.

These benefits are equivalent to \$71 per member or \$135 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 Missouri 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 Missouri credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Missouri 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.

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

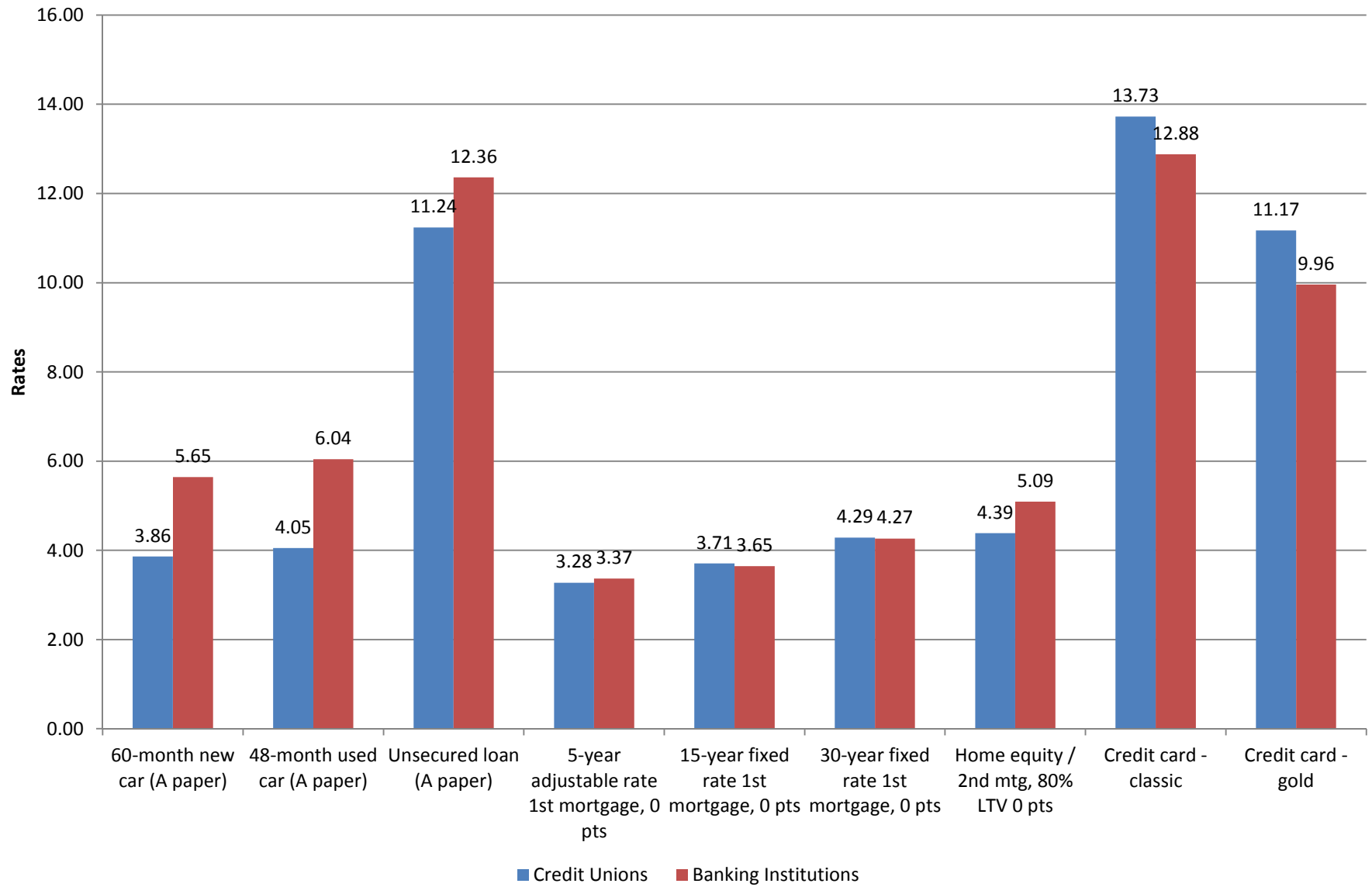
Missouri credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



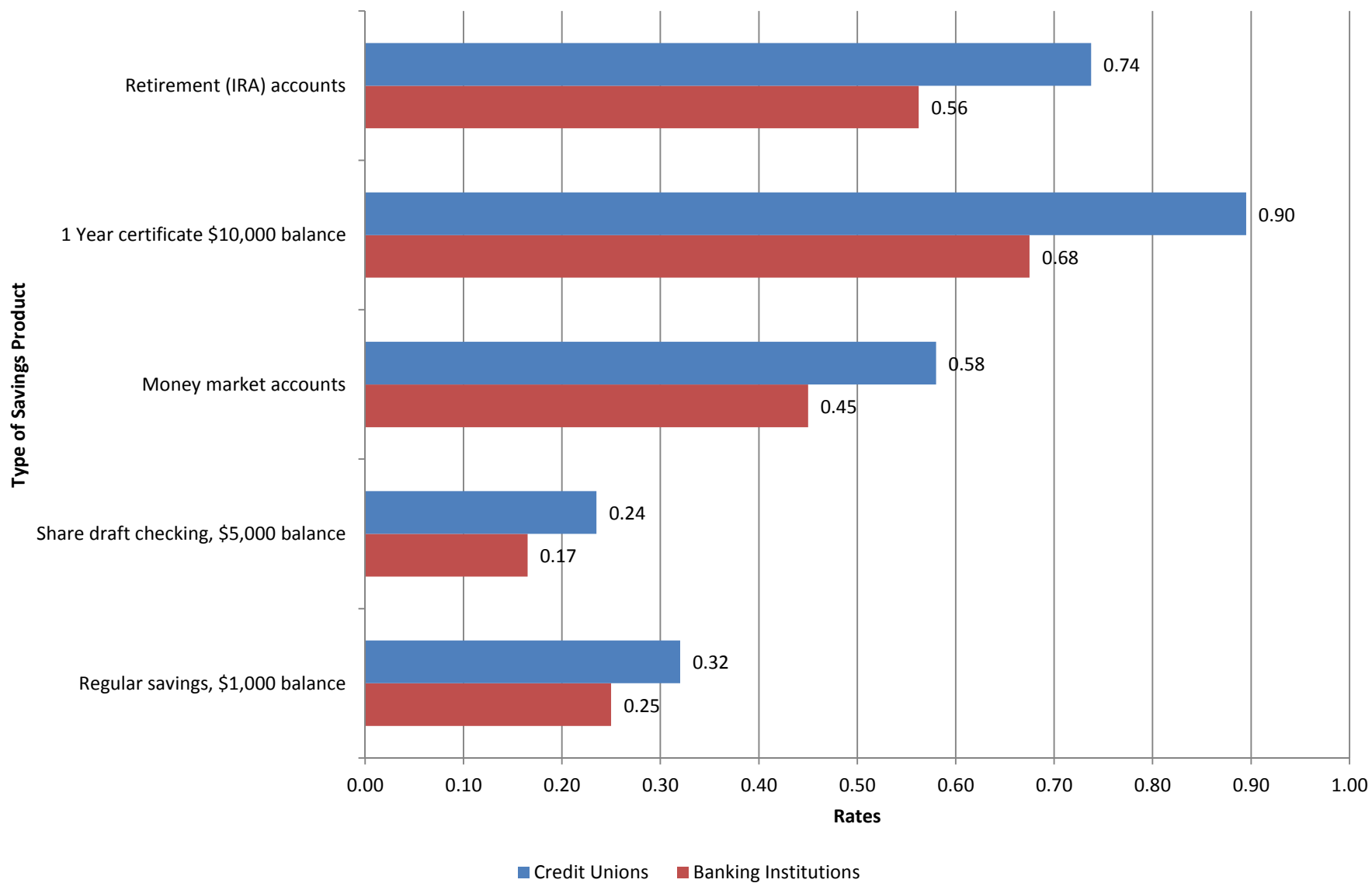
Source: Datatrac, NCUA, and CUNA.

(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

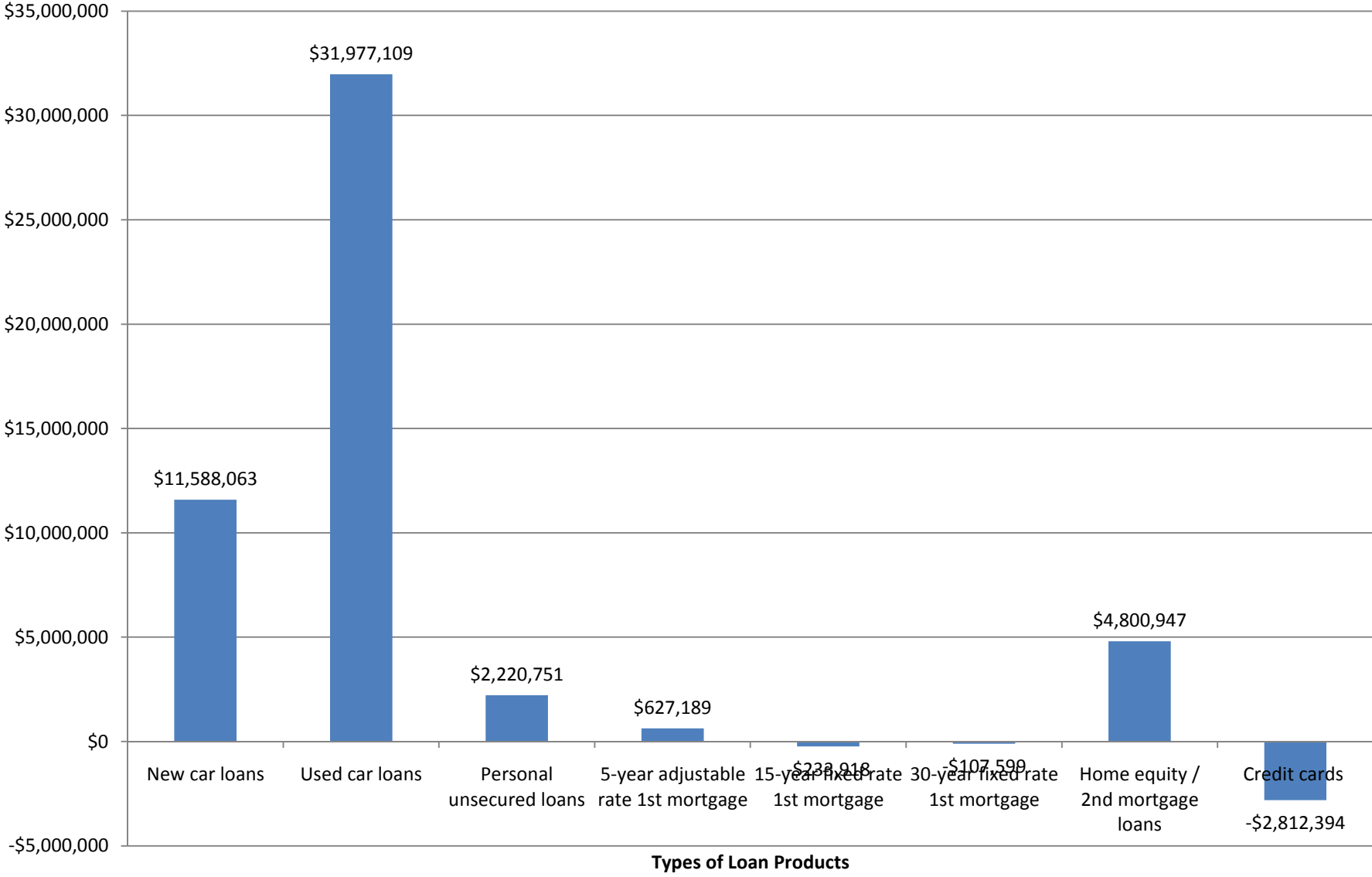


Missouri
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

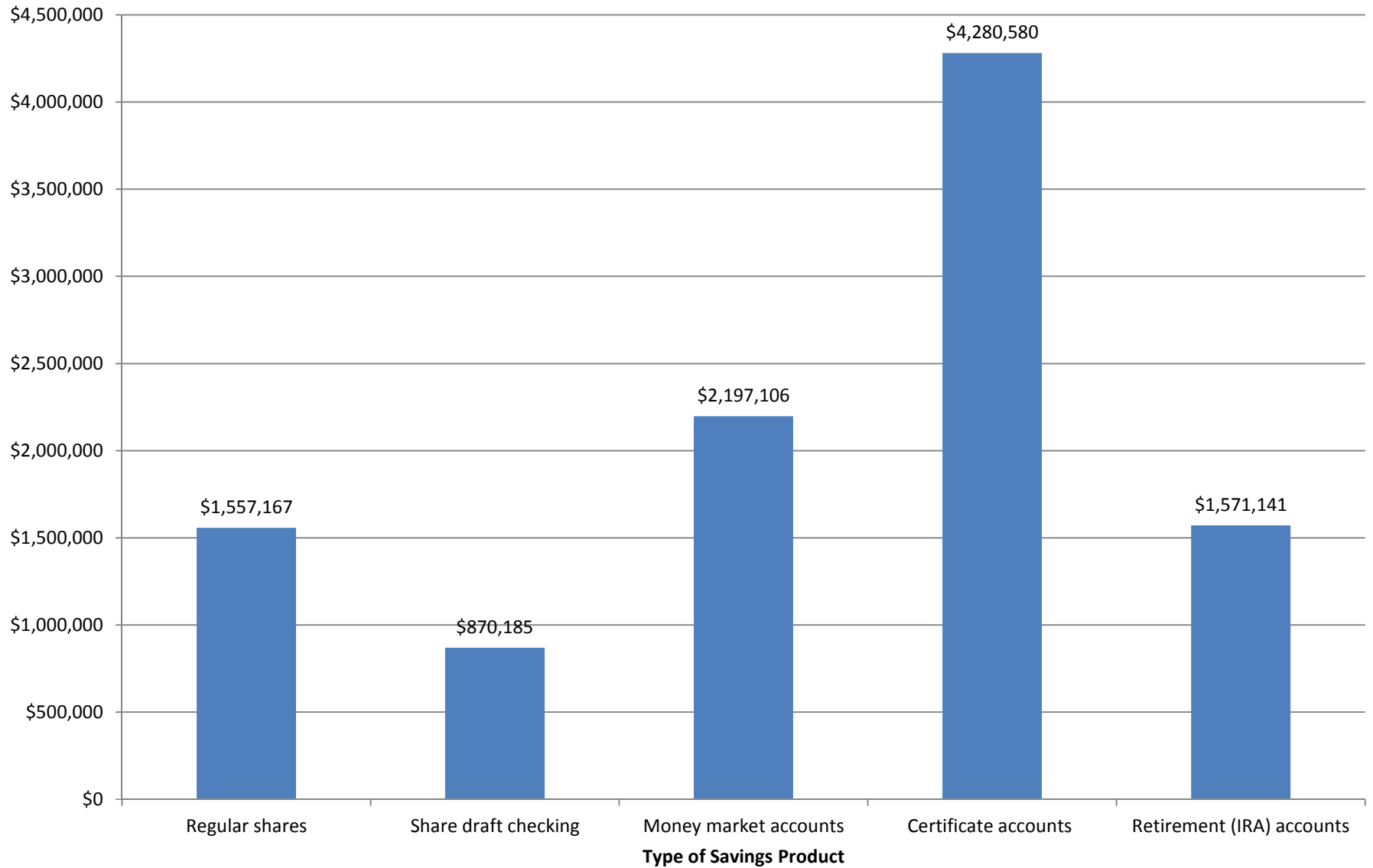
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.86	5.65	-1.79
48-month used car (A paper)	4.05	6.04	-1.99
Unsecured loan (A paper)	11.24	12.36	-1.12
5-year adjustable rate 1st mortgage, 0 pts	3.28	3.37	-0.09
15-year fixed rate 1st mortgage, 0 pts	3.71	3.65	0.06
30-year fixed rate 1st mortgage, 0 pts	4.29	4.27	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.39	5.09	-0.71
Credit card - classic	13.73	12.88	0.84
Credit card - gold	11.17	9.96	1.21
Savings Products			
Regular savings, \$1,000 balance	0.32	0.25	0.07
Share draft checking, \$5,000 balance	0.24	0.17	0.07
Money market accounts	0.58	0.45	0.13
1 Year certificate \$10,000 balance	0.90	0.68	0.22
Retirement (IRA) accounts	0.74	0.56	0.18
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 Missouri Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Missouri Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	649,191,207	-1.79	\$11,588,063
Used car loans	1,606,889,909	-1.99	\$31,977,109
Personal unsecured loans	198,281,361	-1.12	\$2,220,751
5-year adjustable rate 1st mortgage	696,876,196	-0.09	\$627,189
15-year fixed rate 1st mortgage	389,862,674	0.06	-\$233,918
30-year fixed rate 1st mortgage	537,993,170	0.02	-\$107,599
Home equity / 2nd mortgage loans	680,985,352	-0.71	\$4,800,947
Credit cards	300,389,229	0.84	-\$2,812,394
Interest rebates in period			\$839,959
Total CU member benefits arising from lower interest rates on loan products:			\$48,900,107
 <u>Savings</u>			
Regular shares	2,224,523,810	0.07	\$1,557,167
Share draft checking	1,243,121,183	0.07	\$870,185
Money market accounts	1,690,081,745	0.13	\$2,197,106
Certificate accounts	1,945,718,031	0.22	\$4,280,580
Retirement (IRA) accounts	897,794,692	0.18	\$1,571,141
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$10,476,178
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$25,248,322
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$84,624,608
Total CU member benefit / member:			\$71
Total CU member benefit / member household:			\$135

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;

Missouri
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	333	362
Total assets (\$ mil)	9,347	10,608
Total loans (\$ mil)	5,475	6,530
Total surplus funds (\$ mil)	3,446	3,620
Total savings (\$ mil)	8,221	9,124
Total members (thousands)	1,202	1,348
Growth Rates (Trailing 12 months) *		
Total assets	5.5 %	2.1 %
Total loans	1.1 %	-0.1 %
Total surplus funds	13.0 %	7.1 %
Total savings	5.1 %	4.7 %
Total members	1.6 %	-0.2 %
Earnings - Basis Pts. *		
Yield on total assets	404	447
Dividend/interest cost of assets	95	130
Fee & other income	172	184
Operating expense	387	395
Loss Provisions	43	66
Net Income (ROA) after stabilization exp	51	39
Capital adequacy		
Net worth / assets	10.1	10.3
Asset quality *		
Delinquencies / loans	1.3	1.3
Net chargeoffs / average loans	0.7	1.0
Total borrower-bankruptcies	32	50
Bankruptcies per 1000 members	3.6	5.2
Asset/Liability Management		
Loans / savings	66.6	71.6
Loans / assets	58.6	61.6
Long-term assets / assets	30.1	31.2
Core deposits/shares & borrowings	43.8	39.4
Productivity		
Members/potential members	4.3	4.2
Borrowers/members	43.5	45.1
Members/FTE	389	376
Average shares/members (\$)	6,841	6,766
Average loan balances (\$)	10,476	10,742
Salary & Benefits/FTE	52,186	53,402

* 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.