

The Benefits of Membership

Customized Analysis of Member Benefits For:

Nebraska

December 2011

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Nebraska

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 Nebraska credit unions provided \$18,181,225 in direct financial benefits to the state's 432,266 members during the twelve months ending December 2011.

These benefits are equivalent to \$42 per member or \$80 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 Nebraska 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 Nebraska credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Nebraska credit union will save members an average \$104 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.

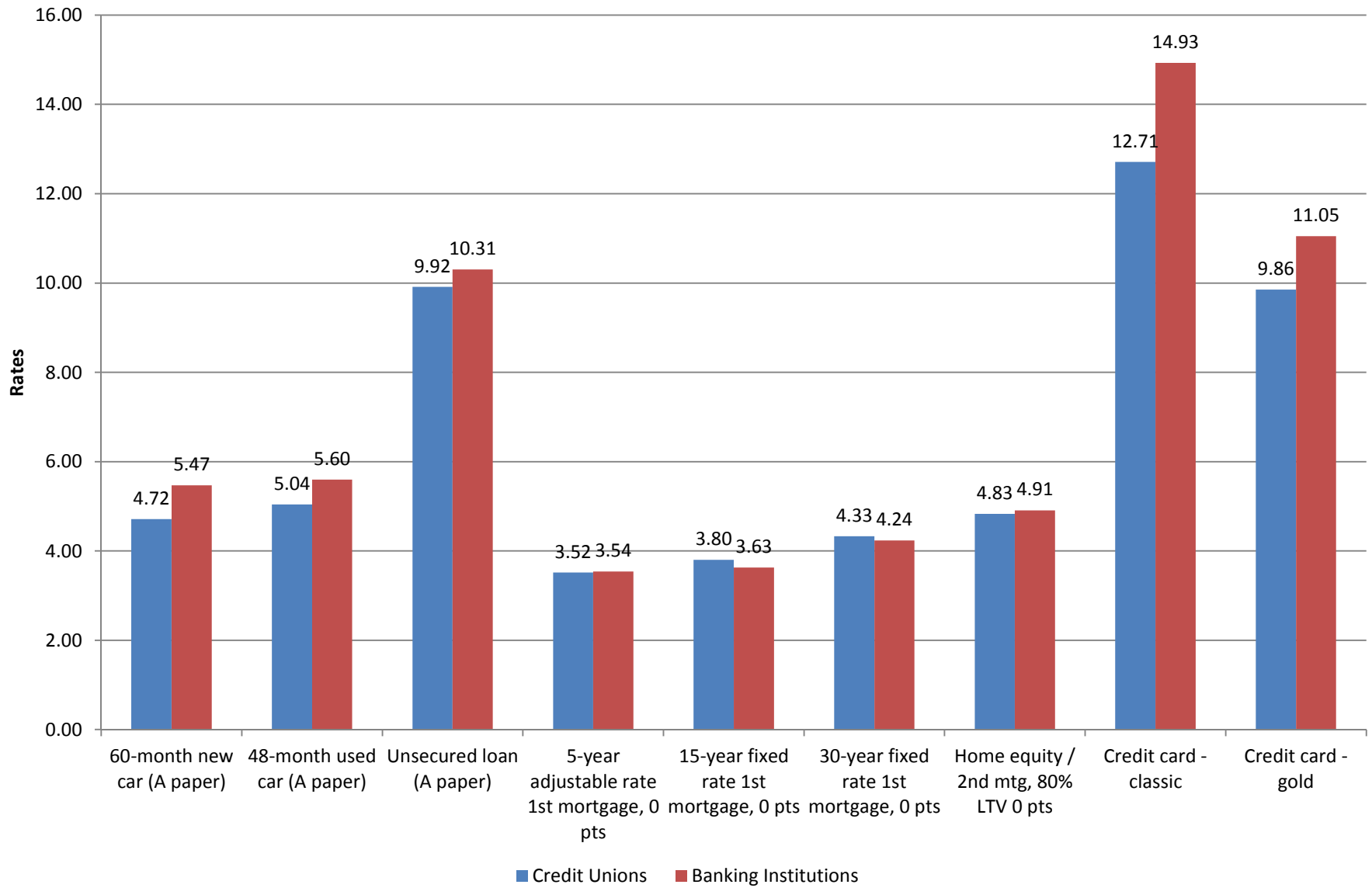
Nebraska credit unions excel in providing member benefits on many loan and saving products. In particular, Nebraska credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-adjustable rate, home equity loans, credit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

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

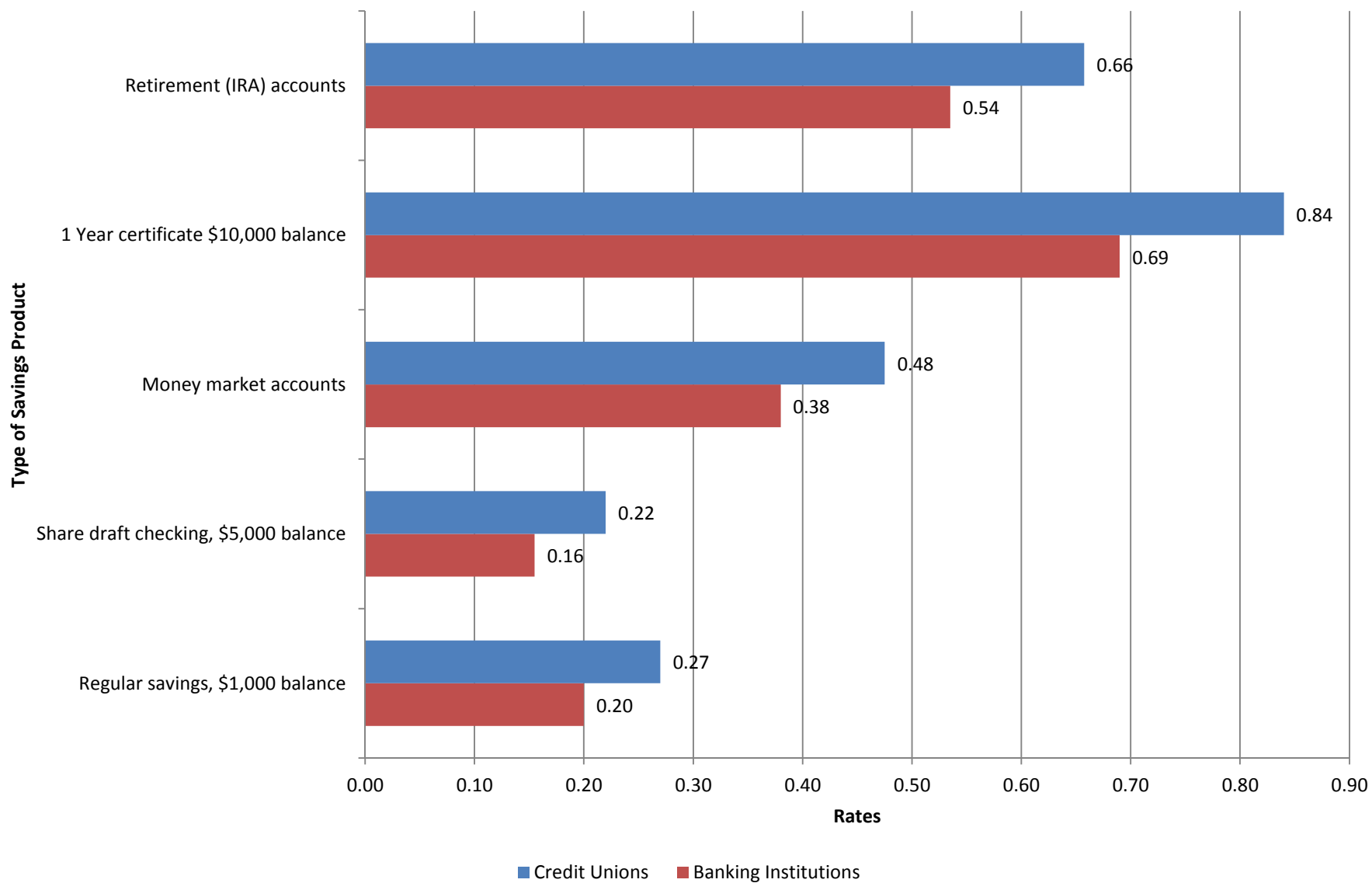


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

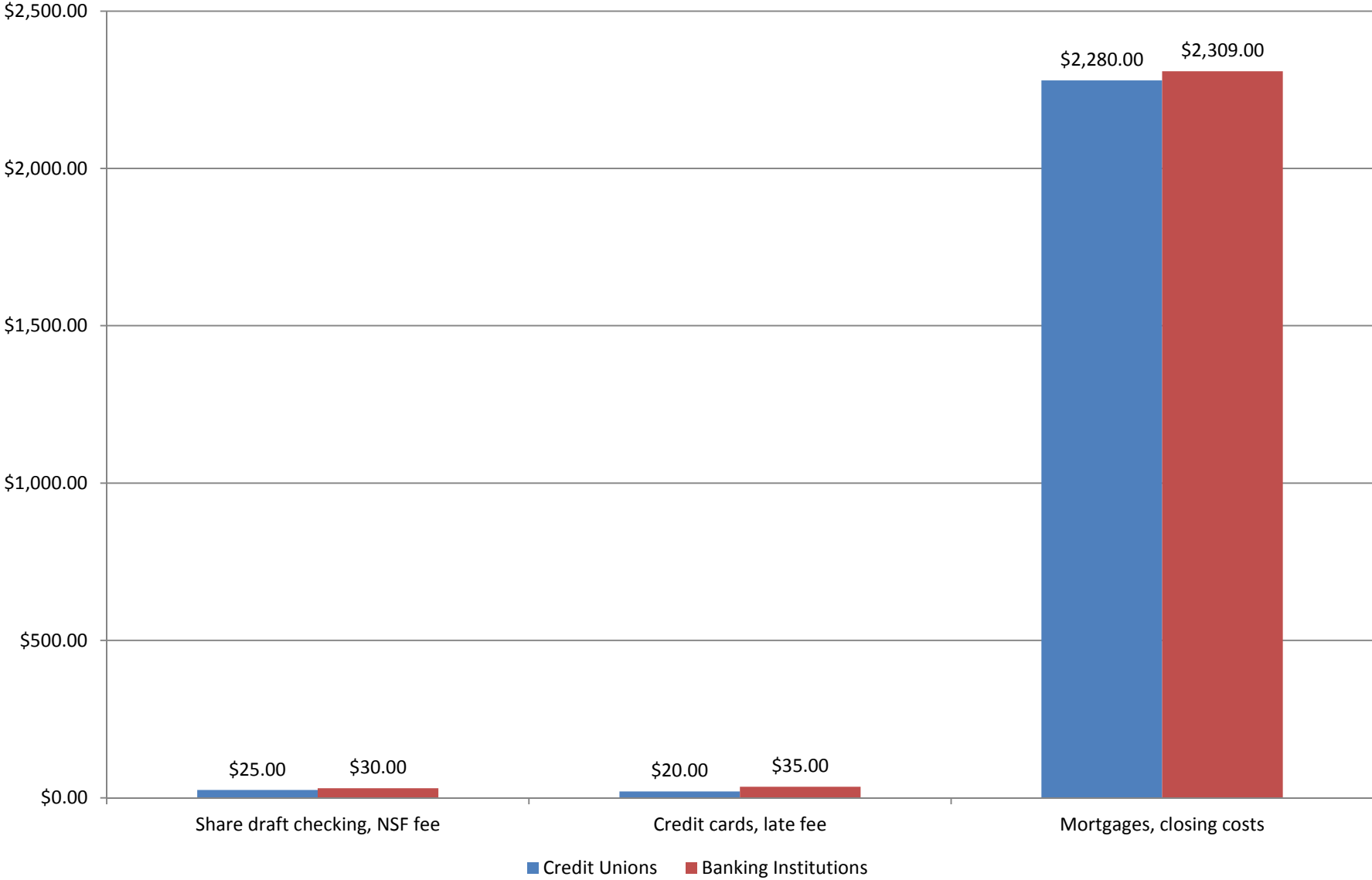
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



Selected December 2011 Fees Credit Unions vs Banking Institutions

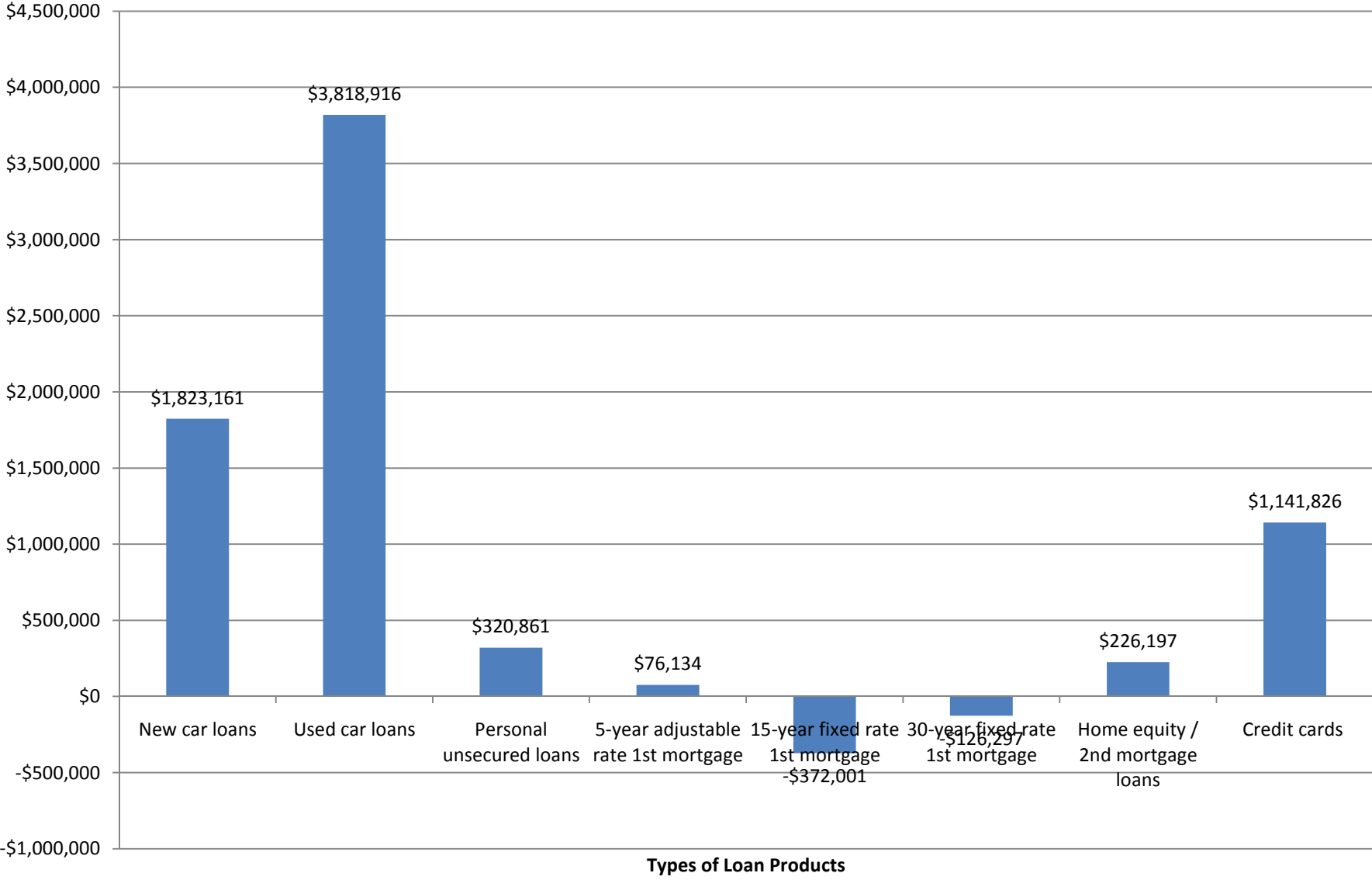


Nebraska
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

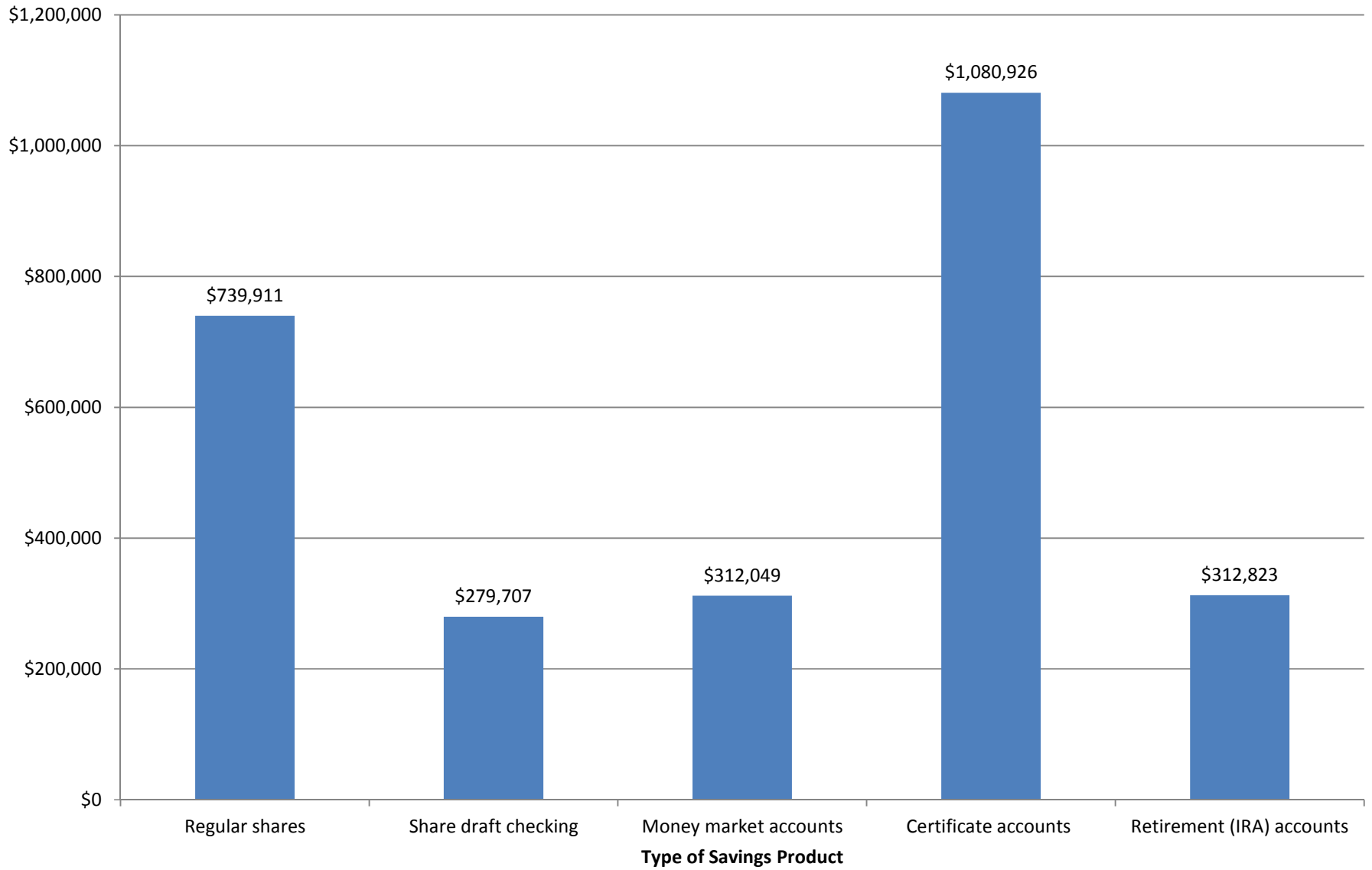
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.72	5.47	-0.76
48-month used car (A paper)	5.04	5.60	-0.56
Unsecured loan (A paper)	9.92	10.31	-0.39
5-year adjustable rate 1st mortgage, 0 pts	3.52	3.54	-0.02
15-year fixed rate 1st mortgage, 0 pts	3.80	3.63	0.17
30-year fixed rate 1st mortgage, 0 pts	4.33	4.24	0.10
Home equity / 2nd mtg, 80% LTV 0 pts	4.83	4.91	-0.08
Credit card - classic	12.71	14.93	-2.22
Credit card - gold	9.86	11.05	-1.20
Savings Products			
Regular savings, \$1,000 balance	0.27	0.20	0.07
Share draft checking, \$5,000 balance	0.22	0.16	0.07
Money market accounts	0.48	0.38	0.10
1 Year certificate \$10,000 balance	0.84	0.69	0.15
Retirement (IRA) accounts	0.66	0.54	0.12
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 Nebraska Credit Unions Financial Benefits Year-end 2011

Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Nebraska Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	241,478,223	-0.76	\$1,823,161
Used car loans	688,092,930	-0.56	\$3,818,916
Personal unsecured loans	82,271,973	-0.39	\$320,861
5-year adjustable rate 1st mortgage	304,537,296	-0.02	\$76,134
15-year fixed rate 1st mortgage	218,824,325	0.17	-\$372,001
30-year fixed rate 1st mortgage	132,944,326	0.10	-\$126,297
Home equity / 2nd mortgage loans	282,745,693	-0.08	\$226,197
Credit cards	58,145,187	-2.22	\$1,141,826
Interest rebates in period			\$541,210
Total CU member benefits arising from lower interest rates on loan products:			\$7,450,006

Savings

Regular shares	1,057,015,824	0.07	\$739,911
Share draft checking	430,317,835	0.07	\$279,707
Money market accounts	328,472,676	0.10	\$312,049
Certificate accounts	720,617,013	0.15	\$1,080,926
Retirement (IRA) accounts	255,365,680	0.12	\$312,823
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$2,725,415

Fee Income

Total CU member benefit arising from fewer/lower fees: \$8,005,804

Total CU member benefit arising from interest rates on loan and savings products and lower fees: \$18,181,225

Total CU member benefit / member: \$42

Total CU member benefit / member household: \$80

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;

Nebraska
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	149	155
Total assets (\$ mil)	3,402	3,180
Total loans (\$ mil)	2,196	2,119
Total surplus funds (\$ mil)	1,065	933
Total savings (\$ mil)	2,921	2,734
Total members (thousands)	436	429
Growth Rates (Trailing 12 months) *		
Total assets	7.0 %	5.9 %
Total loans	3.6 %	4.7 %
Total surplus funds	14.2 %	9.3 %
Total savings	6.8 %	7.4 %
Total members	1.9 %	2.0 %
Earnings - Basis Pts. *		
Yield on total assets	430	474
Dividend/interest cost of assets	90	121
Fee & other income	145	136
Operating expense	404	408
Loss Provisions	34	44
Net Income (ROA) after stabilization exp	46	36
Capital adequacy		
Net worth / assets	10.6	10.9
Asset quality *		
Delinquencies / loans	1.1	1.5
Net chargeoffs / average loans	0.7	0.5
Total borrower-bankruptcies	15	17
Bankruptcies per 1000 members	2.5	2.8
Asset/Liability Management		
Loans / savings	75.2	77.5
Loans / assets	64.5	66.6
Long-term assets / assets	25.2	26.8
Core deposits/shares & borrowings	52.4	50.3
Productivity		
Members/potential members	5.8	5.8
Borrowers/members	46.3	44.8
Members/FTE	356	353
Average shares/members (\$)	6,691	6,380
Average loan balances (\$)	10,862	11,024
Salary & Benefits/FTE	54,221	52,416

* 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.