



# Iowa Membership Benefits Report

Year End 2016

## Iowa

### 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 Iowa credit unions provided \$103,790,893 in direct financial benefits to the state's 1,083,180 members during the twelve months ending December 2016.

**These benefits are equivalent to \$96 per member or \$182 per member household <sup>(1)</sup>.**

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 \$157 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.

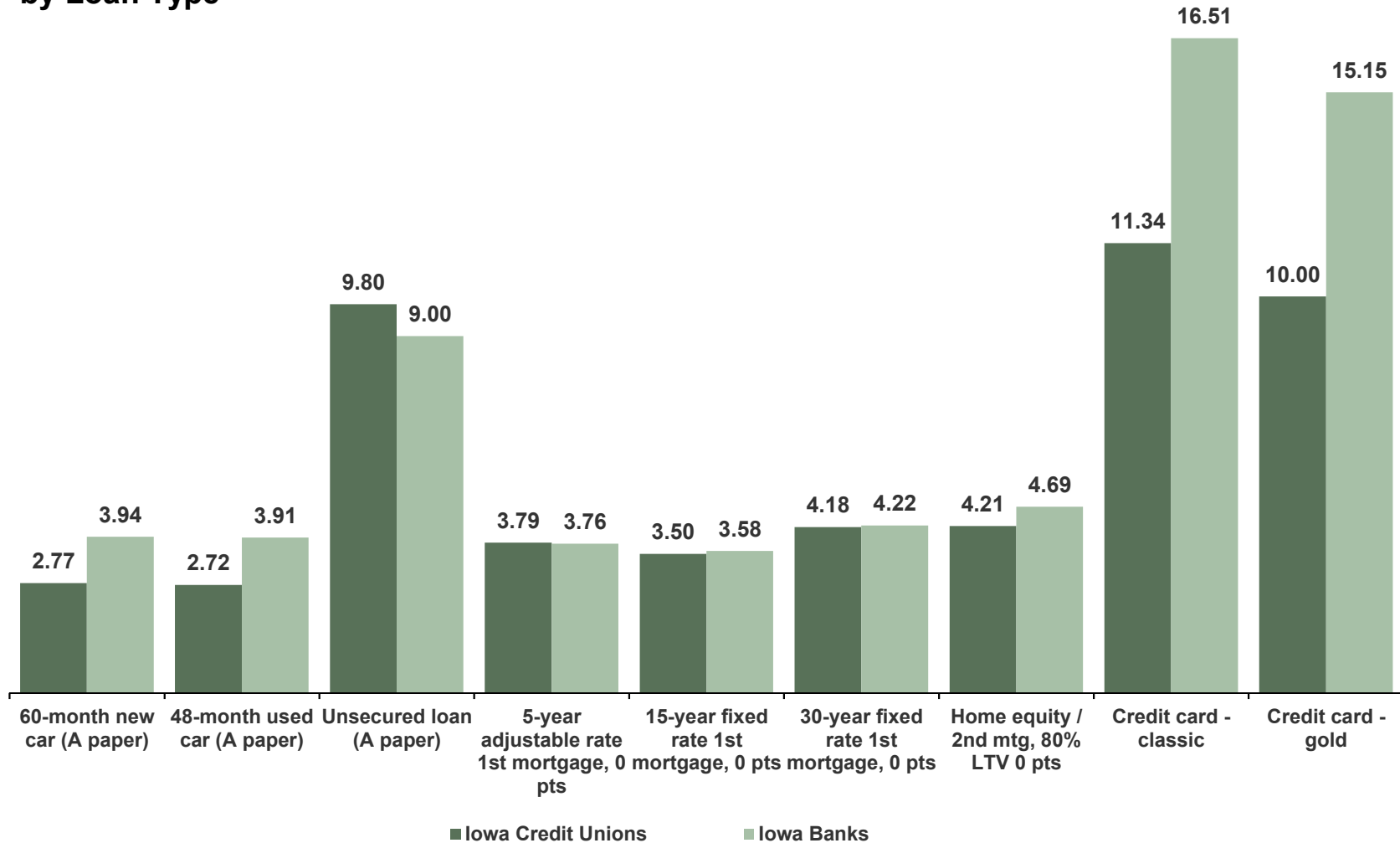
Iowa credit unions excel in providing member benefits on many loan and savings products. In particular, Iowa credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-fixed rate, home equity loans, credit cards loans.

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



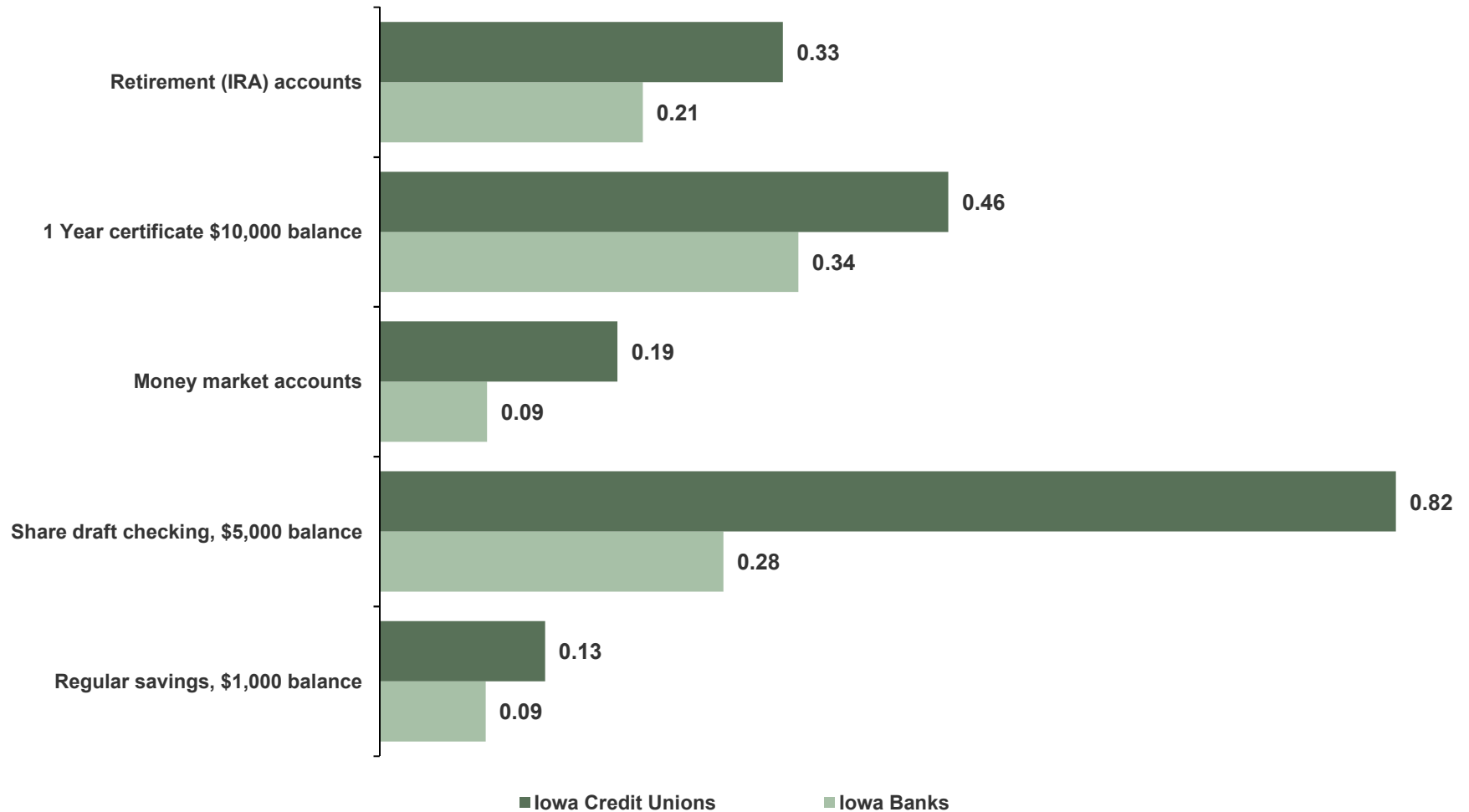
## Loan Product Comparative Interest Rates (%)

by Loan Type



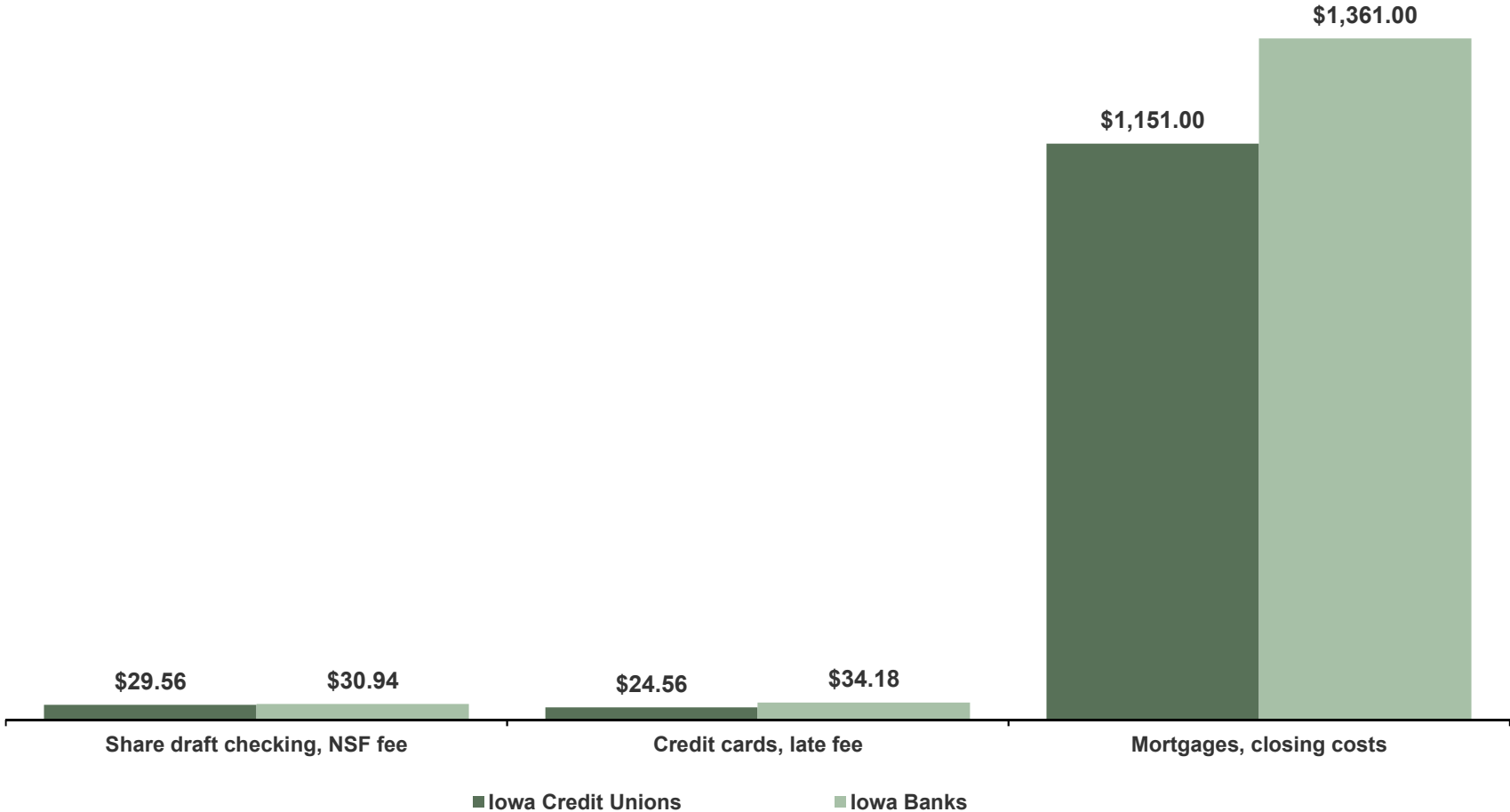
## Savings Product Comparative Interest Rates (%)

### by Savings Account Type



## Comparative Fees

by Type



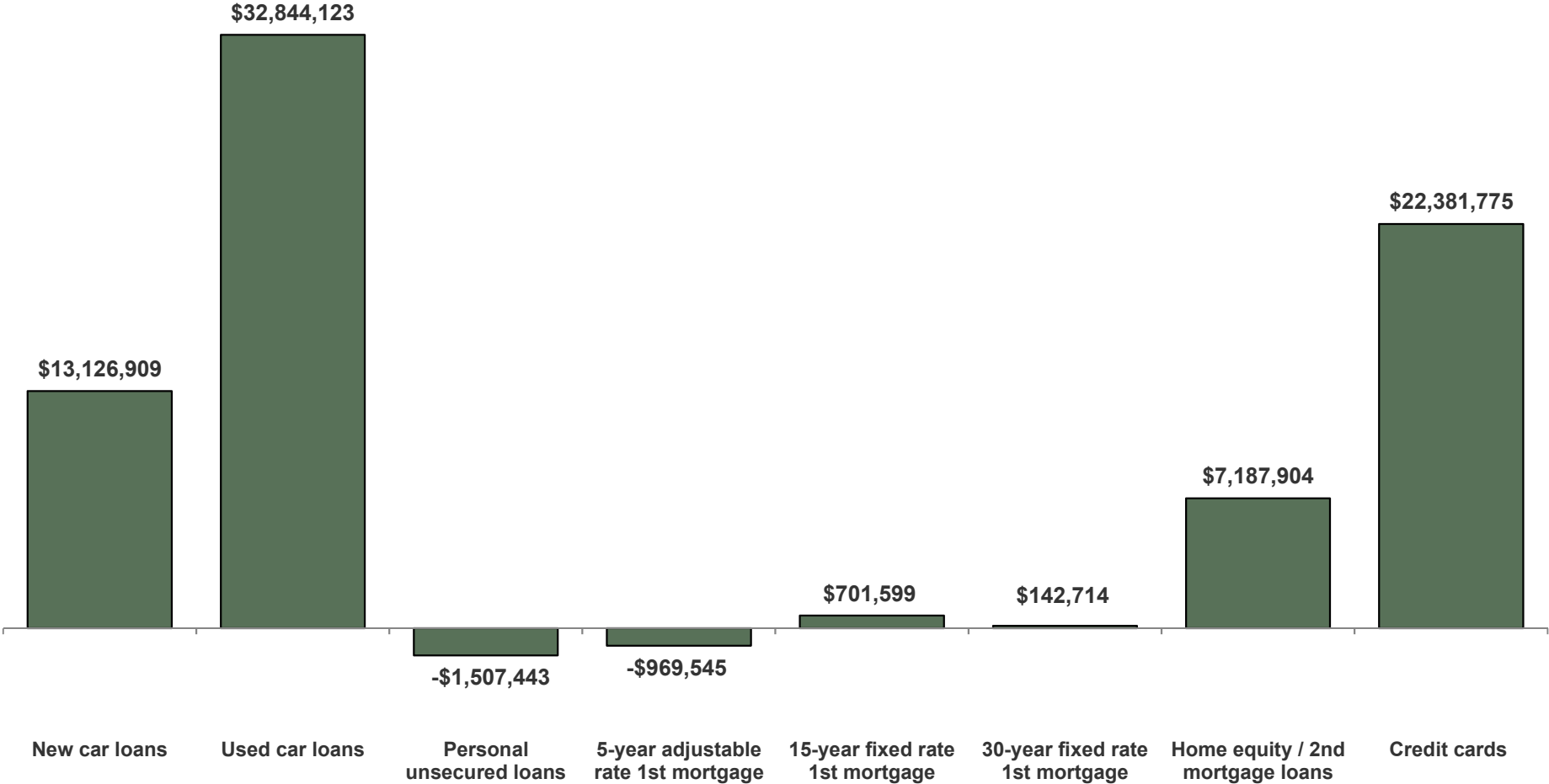
## Iowa Credit Union and Banking Institution December 2016 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.77	3.94	-1.17
48-month used car (A paper)	2.72	3.91	-1.19
Unsecured loan (A paper)	9.80	9.00	0.81
5-year adjustable rate 1st mortgage, 0 pts	3.79	3.76	0.03
15-year fixed rate 1st mortgage, 0 pts	3.50	3.58	-0.08
30-year fixed rate 1st mortgage, 0 pts	4.18	4.22	-0.04
Home equity / 2nd mtg, 80% LTV 0 pts	4.21	4.69	-0.48
Credit card - classic	11.34	16.51	-5.17
Credit card - gold	10.00	15.15	-5.15
Savings Products			
Regular savings, \$1,000 balance	0.13	0.09	0.05
Share draft checking, \$5,000 balance	0.82	0.28	0.54
Money market accounts	0.19	0.09	0.10
1 Year certificate \$10,000 balance	0.46	0.34	0.12
Retirement (IRA) accounts	0.33	0.21	0.11
Fee Income			
Share draft checking, NSF fee	\$29.56	\$30.94	-\$1.38
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

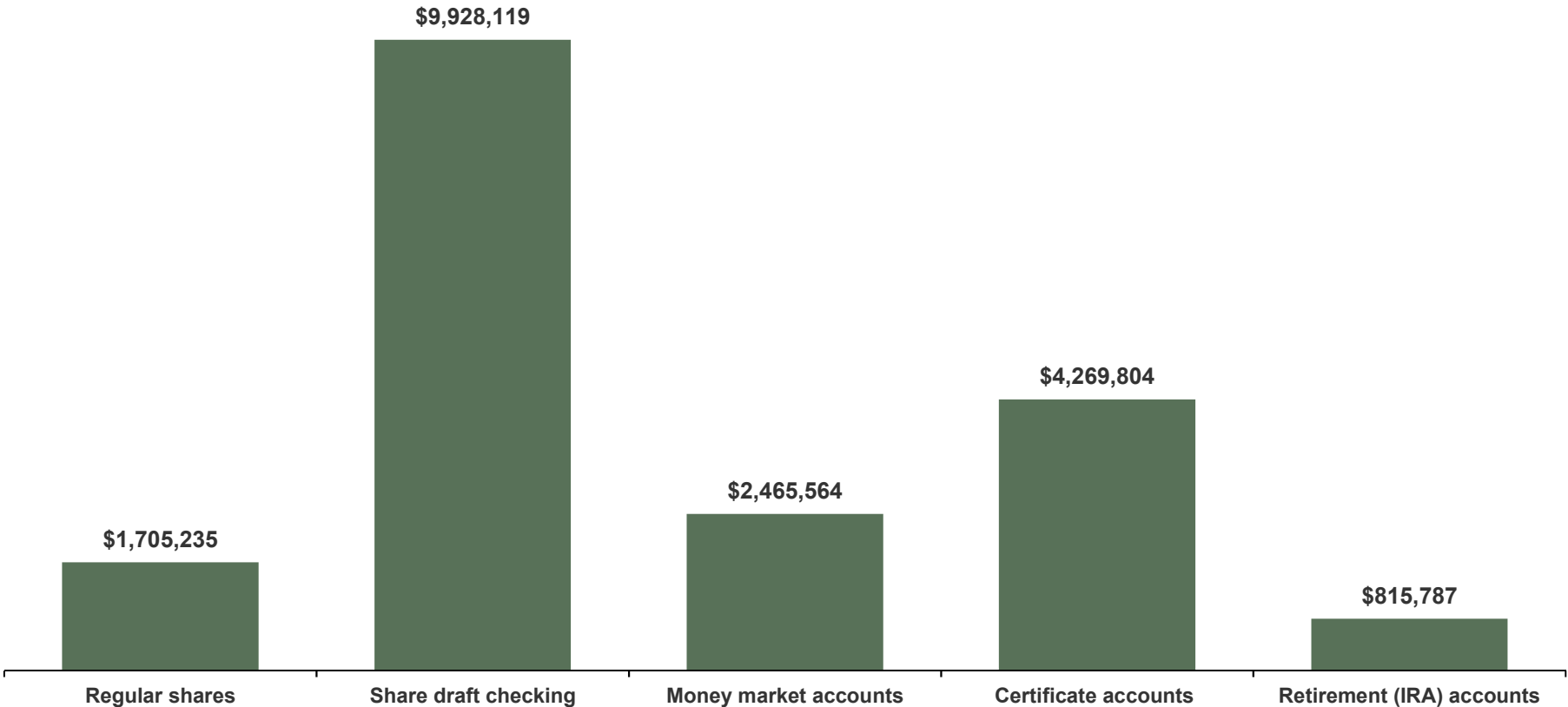
### State Credit Union's Total Loan Rate Benefits

Compared to State Banking Institutions  
by Loan Type



State Credit Union's Total Savings Dividend Benefits

Compared to State Banking Institutions  
by Account Type





## Estimated Financial Benefits for Iowa Credit Unions December 2016

<b>Loans</b>	<b>Avg. Balance at Credit Unions (1)</b>	<b>Rate Difference vs. Iowa Banks (%) (2)</b>	<b>Total Financial Benefit to Your Members</b>
New car loans	1,121,958,019	-1.17	\$13,126,909
Used car loans	2,757,692,968	-1.19	\$32,844,123
Personal unsecured loans	186,795,850	0.81	-\$1,507,443
5-year adjustable rate 1st mortgage	3,343,257,886	0.03	-\$969,545
15-year fixed rate 1st mortgage	911,168,002	-0.08	\$701,599
30-year fixed rate 1st mortgage	365,933,905	-0.04	\$142,714
Home equity / 2nd mortgage loans	1,482,042,074	-0.48	\$7,187,904
Credit cards	433,335,429	-5.17	\$22,381,775
Interest rebates			\$155,876
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$74,063,913</b>
<b>Savings</b>			
Regular shares	3,562,354,298	0.05	\$1,705,235
Share draft checking	1,832,285,620	0.54	\$9,928,119
Money market accounts	2,349,177,391	0.10	\$2,465,564
Certificate accounts	3,531,848,920	0.12	\$4,269,804
Retirement (IRA) accounts	722,418,902	0.11	\$815,787
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on savings products:</b>			<b>\$19,184,509</b>
<b>Fee Income</b>			
<b>Total CU member benefit arising from fewer / lower fees:</b>			<b>\$10,542,470</b>
<b>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</b>			<b>\$103,790,893</b>
<b>Total CU member benefit / member:</b>			<b>\$96</b>
<b>Total CU member benefit / member household:</b>			<b>\$182</b>

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of December 2015 and December 2016, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

# Membership Benefits Report

CUNA Economics and Statistics

## Iowa Credit Union Performance Profile

Demographic Information	Dec 16	Dec 15
Number of branches	276	272
Total assets (\$ mil)	15,634	14,149
Total loans (\$ mil)	12,068	10,426
Total surplus funds (\$ mil)	2,814	3,064
Total savings (\$ mil)	13,044	11,903
Total members (thousands)	1,104	1,067
Growth Rates (Trailing 12 months) *		
Total assets	10.7 %	11.0 %
Total loans	15.8 %	13.2 %
Total surplus funds	-7.5 %	4.0 %
Total savings	9.8 %	10.2 %
Total members	3.9 %	3.9 %
Earnings - Basis Pts. *		
Yield on total assets	362	364
Dividend / interest cost of assets	75	71
Fee & other income	129	134
Operating expense	294	293
Loss Provisions	29	27
Net Income (ROA) after stabilization exp	93	107
Capital Adequacy		
Net worth / assets	10.4	10.5
Asset Quality *		
Delinquencies / loans	0.8	0.7
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	16	14
Bankruptcies per 1000 members	1.4	1.3
Asset/Liability Management		
Loans / savings	92.5	87.6
Loans / assets	77.2	73.7
Long-term assets / assets	33.8	33.4
Core deposits/shares & borrowings	41.1	42.2
Productivity		
Members / potential members	3.9	4.0
Borrowers / members	69.0	65.6
Members / FTE	316	325
Average shares / members (\$)	11,817	11,156
Average loan balances (\$)	15,850	14,900
Salary & Benefits / FTE	65,503	61,804

\* 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.