

CUNA Tennessee
**MEMBERSHIP BENEFITS
REPORT**



Tennessee

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 Tennessee credit unions provided \$205,418,606 in direct financial benefits to the state's 2,059,364 members during the twelve months ending June 2017.

These benefits are equivalent to \$100 per member or \$190 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 Tennessee 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 Tennessee credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Tennessee credit union will save members an average \$290 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.

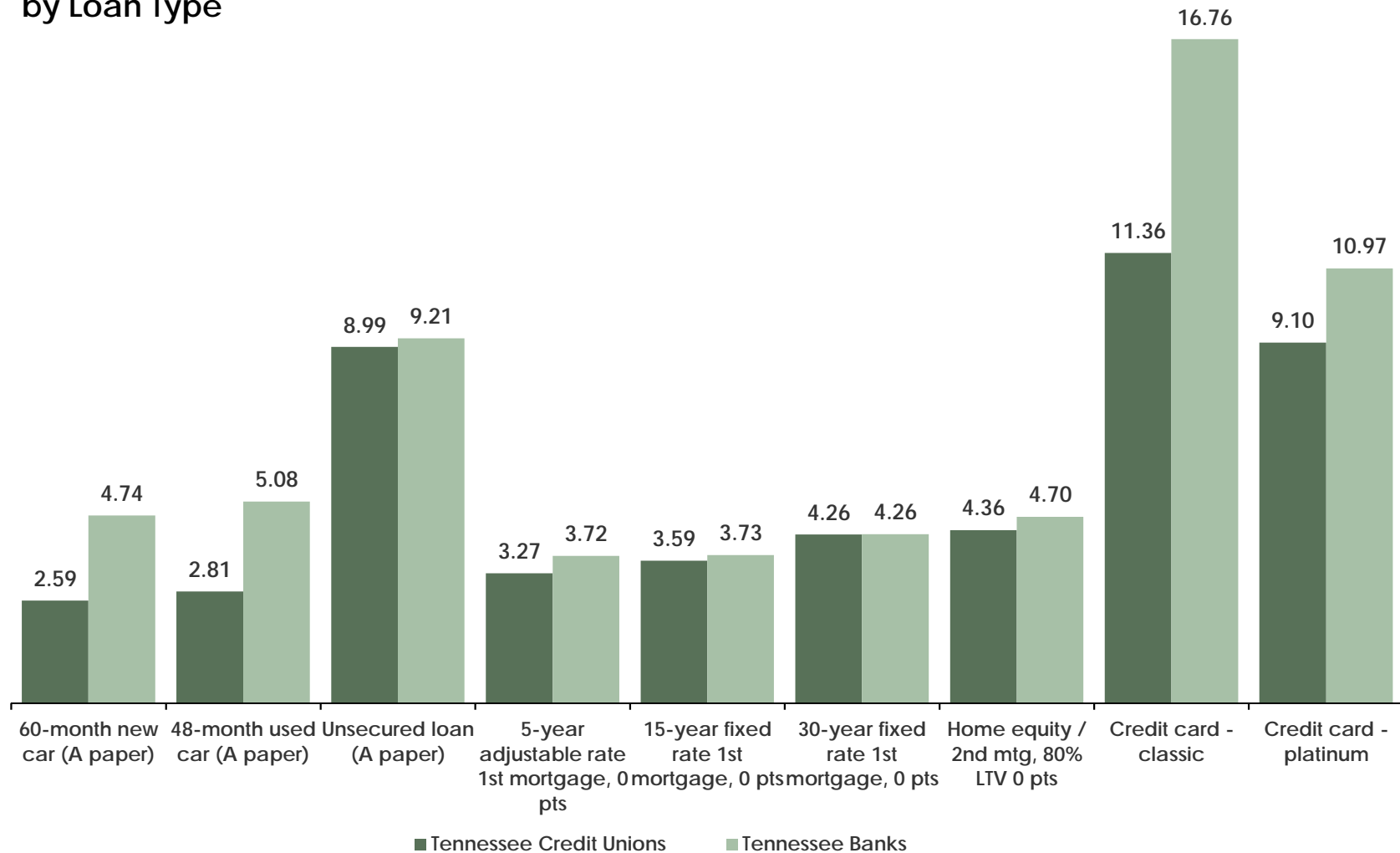
Tennessee credit unions excel in providing member benefits on many loan and savings products. In particular, Tennessee credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable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

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



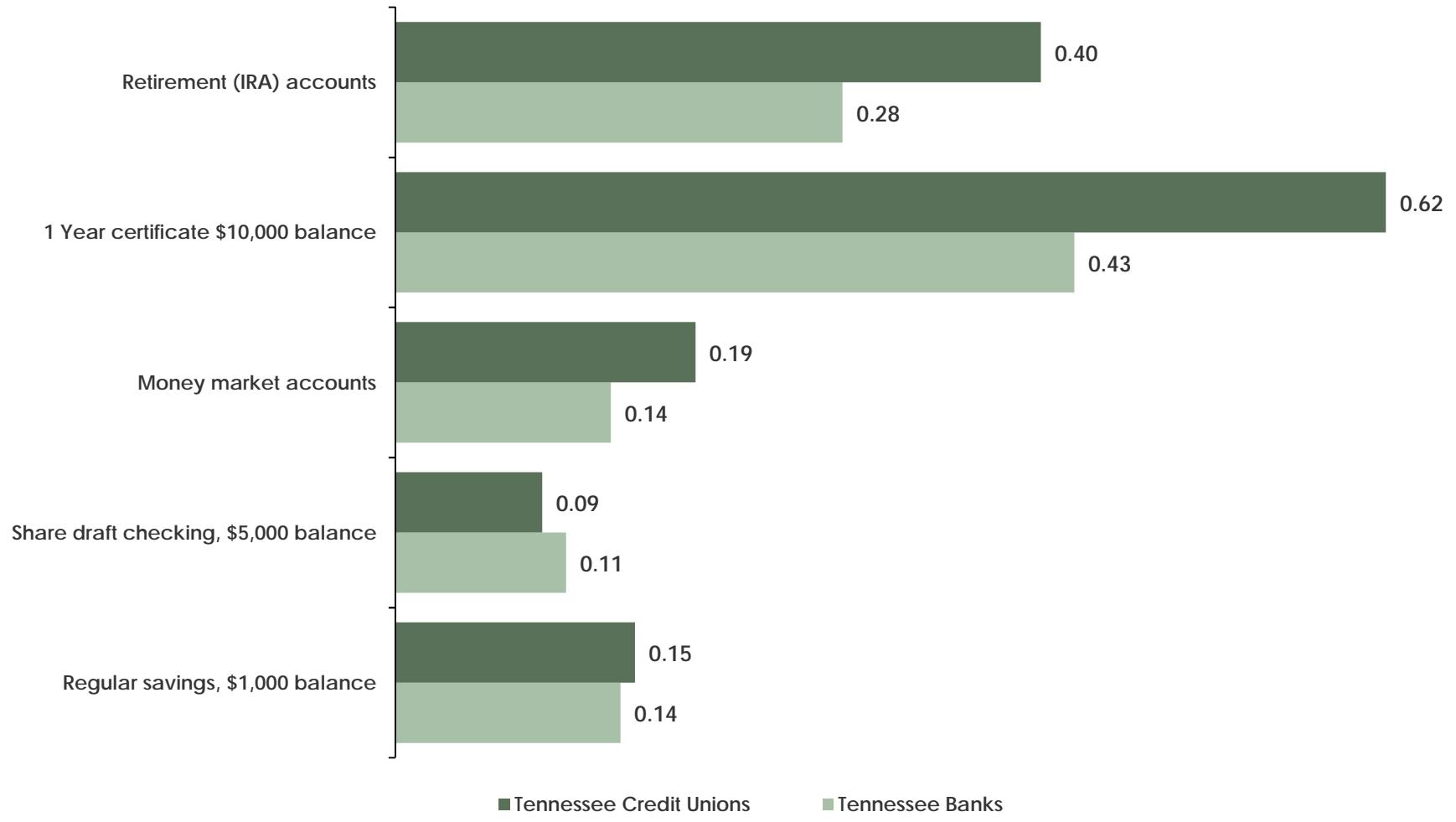
Loan Product Comparative Interest Rates (%)

by Loan Type



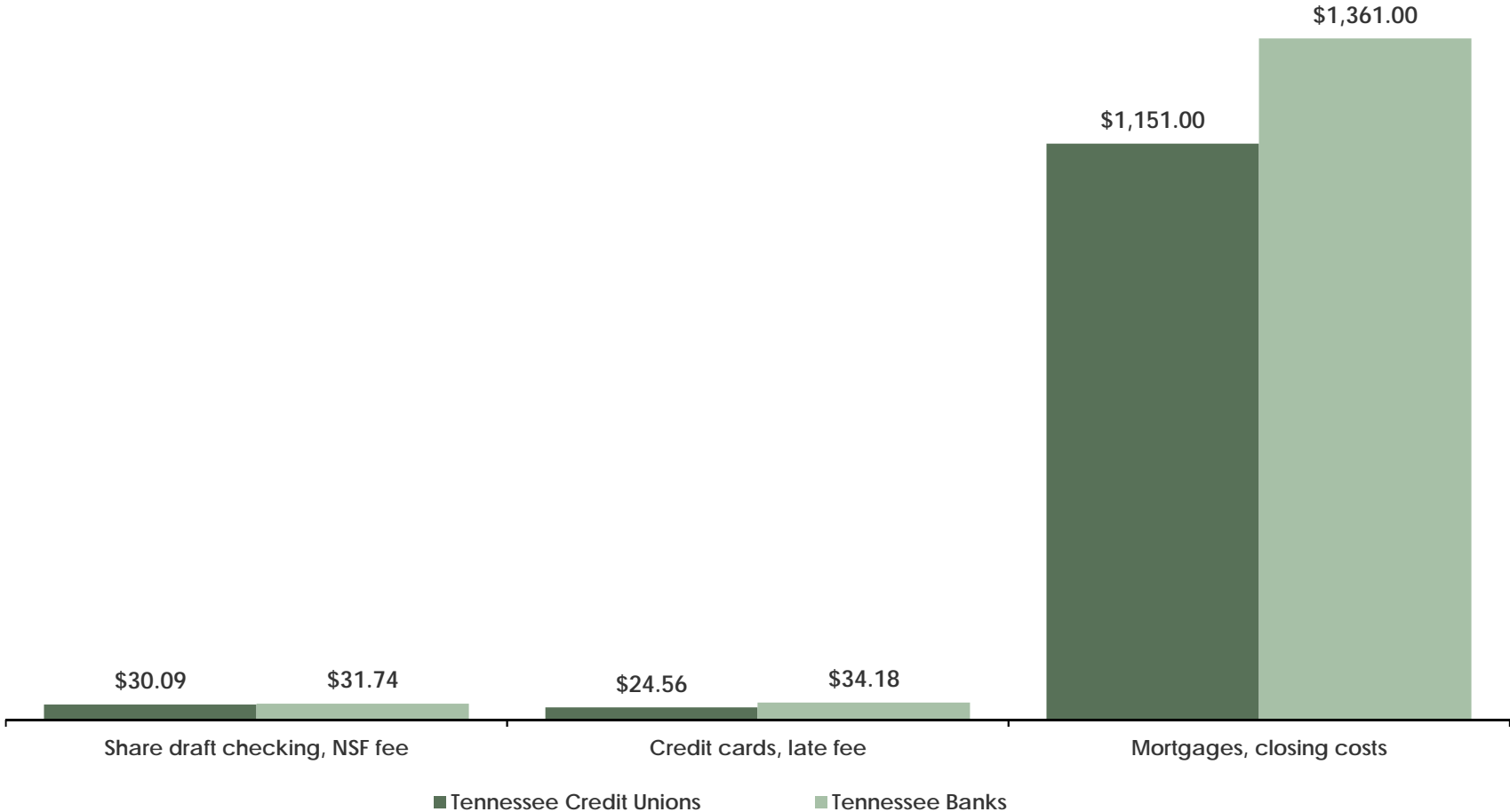
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



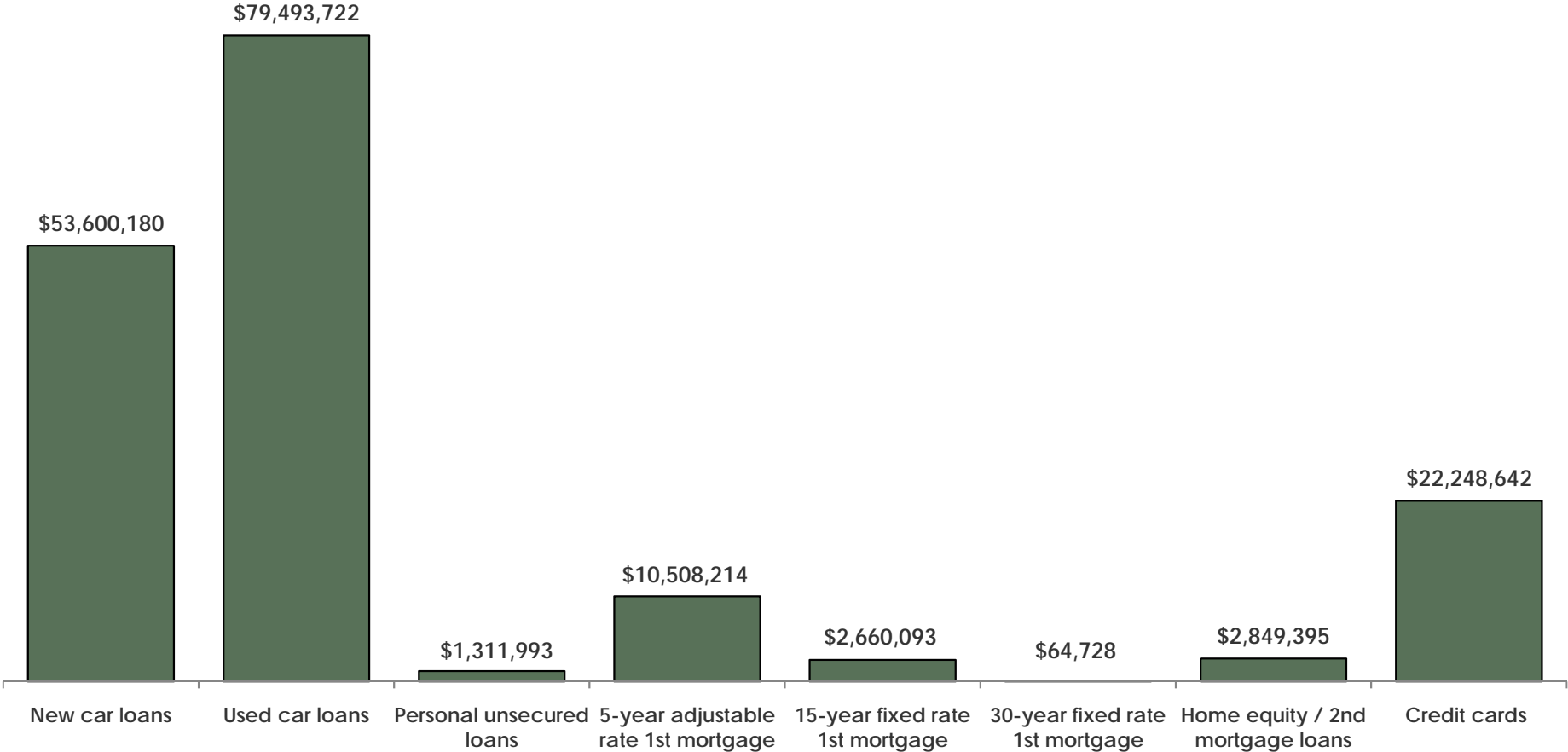
Tennessee Credit Union and Banking Institution June 2017 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.59	4.74	-2.15
48-month used car (A paper)	2.81	5.08	-2.27
Unsecured loan (A paper)	8.99	9.21	-0.22
5-year adjustable rate 1st mortgage, 0 pts	3.27	3.72	-0.44
15-year fixed rate 1st mortgage, 0 pts	3.59	3.73	-0.14
30-year fixed rate 1st mortgage, 0 pts	4.26	4.26	0.00
Home equity / 2nd mtg, 80% LTV 0 pts	4.36	4.70	-0.34
Credit card - classic	11.36	16.76	-5.40
Credit card - platinum	9.10	10.97	-1.87
Savings Products			
Regular savings, \$1,000 balance	0.15	0.14	0.01
Share draft checking, \$5,000 balance	0.09	0.11	-0.02
Money market accounts	0.19	0.14	0.05
1 Year certificate \$10,000 balance	0.62	0.43	0.20
Retirement (IRA) accounts	0.40	0.28	0.12
Fee Income			
Share draft checking, NSF fee	\$30.09	\$31.74	-\$1.65
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

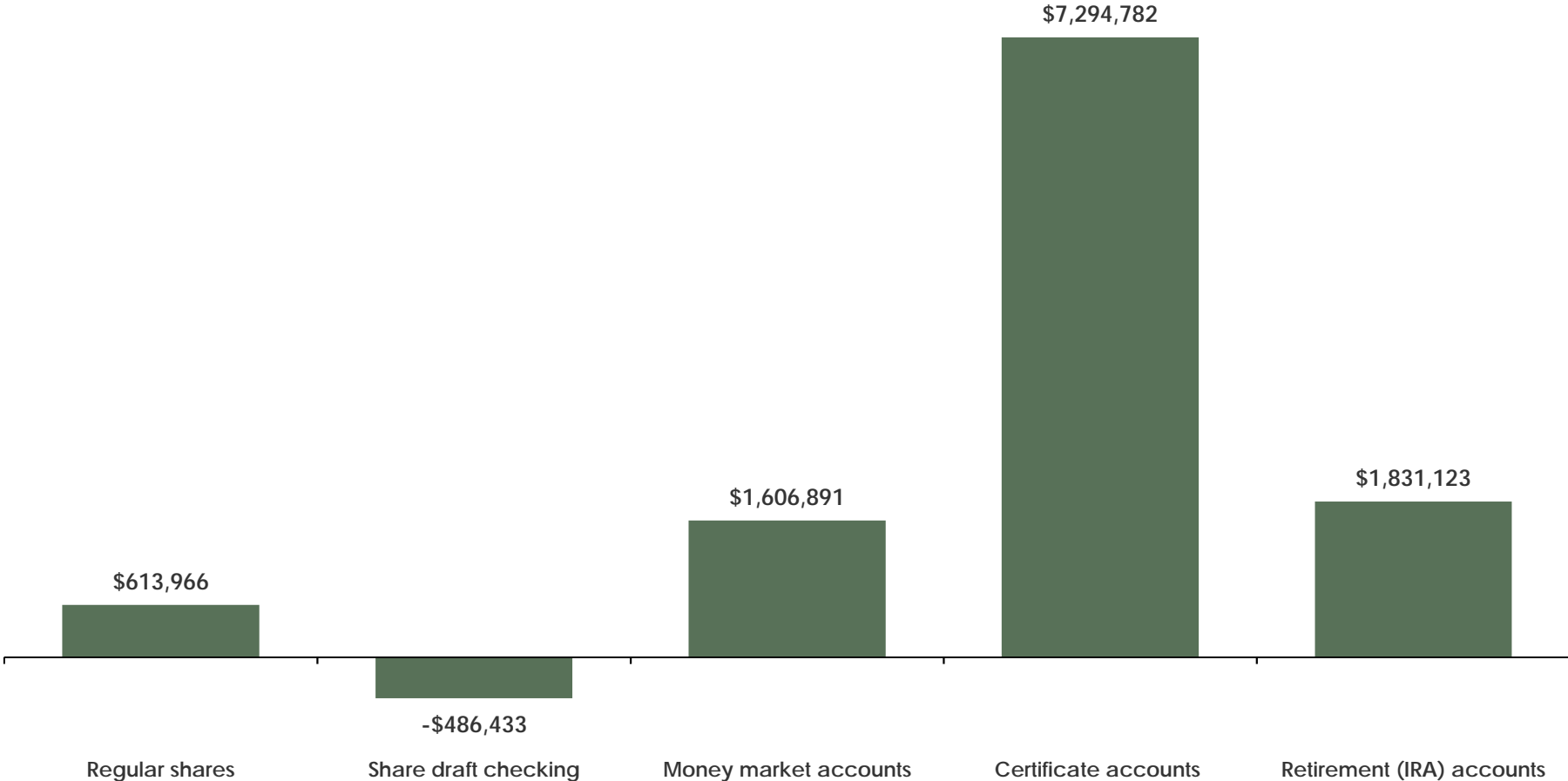
State Credit Union's Total Loan Rate Benefits

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 Tennessee Credit Unions June 2017

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Tennessee Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,493,031,637	-2.15	\$53,600,180
Used car loans	3,503,469,472	-2.27	\$79,493,722
Personal unsecured loans	610,229,253	-0.22	\$1,311,993
5-year adjustable rate 1st mortgage	2,377,423,954	-0.44	\$10,508,214
15-year fixed rate 1st mortgage	1,913,735,996	-0.14	\$2,660,093
30-year fixed rate 1st mortgage	2,157,613,370	0.00	\$64,728
Home equity / 2nd mortgage loans	845,517,869	-0.34	\$2,849,395
Credit cards	492,498,987	-5.40	\$22,248,642
Interest rebates			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$172,736,968
Savings			
Regular shares	6,821,846,307	0.01	\$613,966
Share draft checking	3,242,884,611	-0.02	-\$486,433
Money market accounts	3,031,870,477	0.05	\$1,606,891
Certificate accounts	3,740,913,721	0.20	\$7,294,782
Retirement (IRA) accounts	1,476,712,278	0.12	\$1,831,123
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$10,860,330
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$21,821,308
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$205,418,606
Total CU member benefit / member:			\$100
Total CU member benefit / member household:			\$190

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2017 and June 2016, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Membership Benefits Report

CUNA Economics and Statistics

Tennessee Credit Union Performance Profile

Demographic Information	Jun 17	Jun 16
Number of branches	524	518
Total assets (\$ mil)	22,877	21,152
Total loans (\$ mil)	16,275	14,482
Total surplus funds (\$ mil)	5,539	5,667
Total savings (\$ mil)	19,356	17,900
Total members (thousands)	2,098	2,023
Growth Rates (Trailing 12 months) *		
Total assets	8.3 %	7.1 %
Total loans	12.5 %	10.6 %
Total surplus funds	-2.1 %	-1.7 %
Total savings	8.2 %	6.6 %
Total members	3.8 %	3.2 %
Earnings - Basis Pts. *		
Yield on total assets	332	322
Dividend / interest cost of assets	40	38
Fee & other income	153	149
Operating expense	320	323
Loss Provisions	31	22
Net Income (ROA) after stabilization exp	93	89
Capital Adequacy		
Net worth / assets	12.5	12.7
Asset Quality *		
Delinquencies / loans	0.5	0.5
Net chargeoffs / average loans	0.4	0.3
Total borrower-bankruptcies	20	17
Bankruptcies per 1000 members	1.4	1.2
Asset/Liability Management		
Loans / savings	84.1	80.9
Loans / assets	71.1	68.5
Long-term assets / assets	33.2	32.5
Core deposits/shares & borrowings	54.2	52.7
Productivity		
Members / potential members	6.5	7.7
Borrowers / members	52.1	51.1
Members / FTE	365	369
Average shares / members (\$)	9,225	8,850
Average loan balances (\$)	14,884	14,020
Salary & Benefits / FTE	64,483	62,792

* 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.