

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 \$223,007,413 in direct financial benefits to the state's 2,181,207 members during the twelve months ending December 2018.

These benefits are equivalent to \$102 per member or \$215 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 \$210 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.

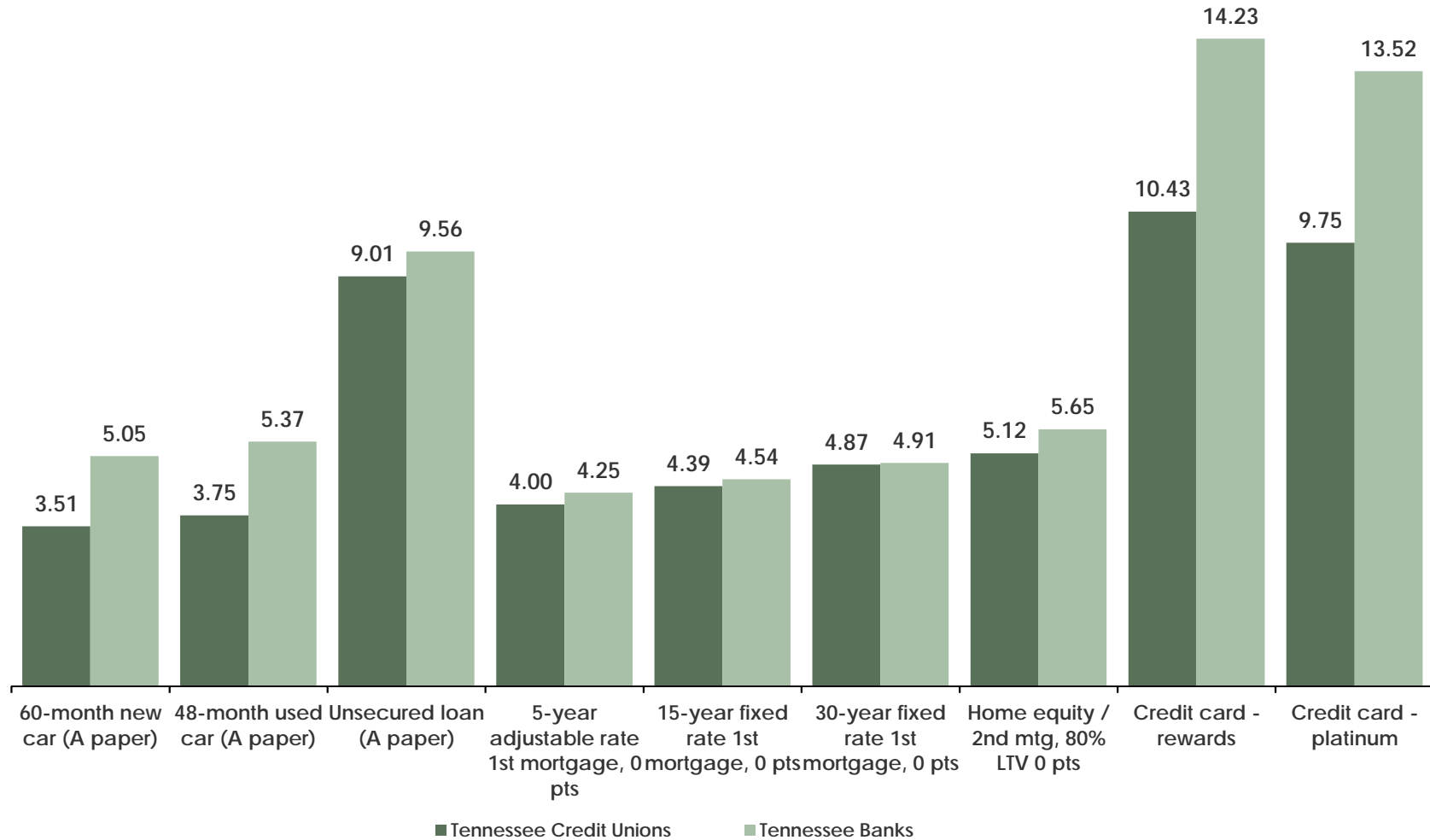
Tennessee credit unions excel in providing member benefits on many loan and savings products. In particular, Tennessee credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable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



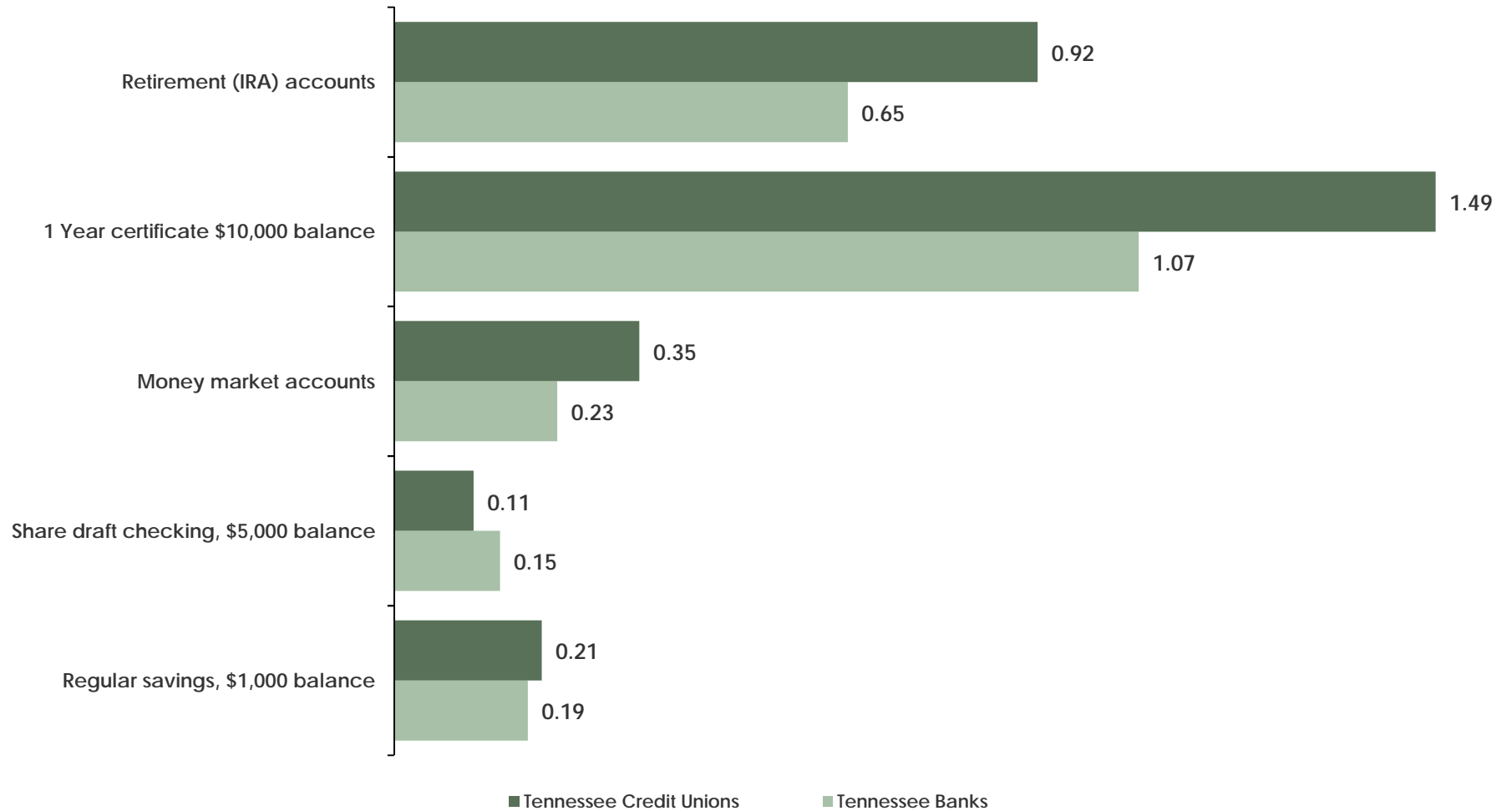
Loan Product Comparative Interest Rates (%)

by Loan Type



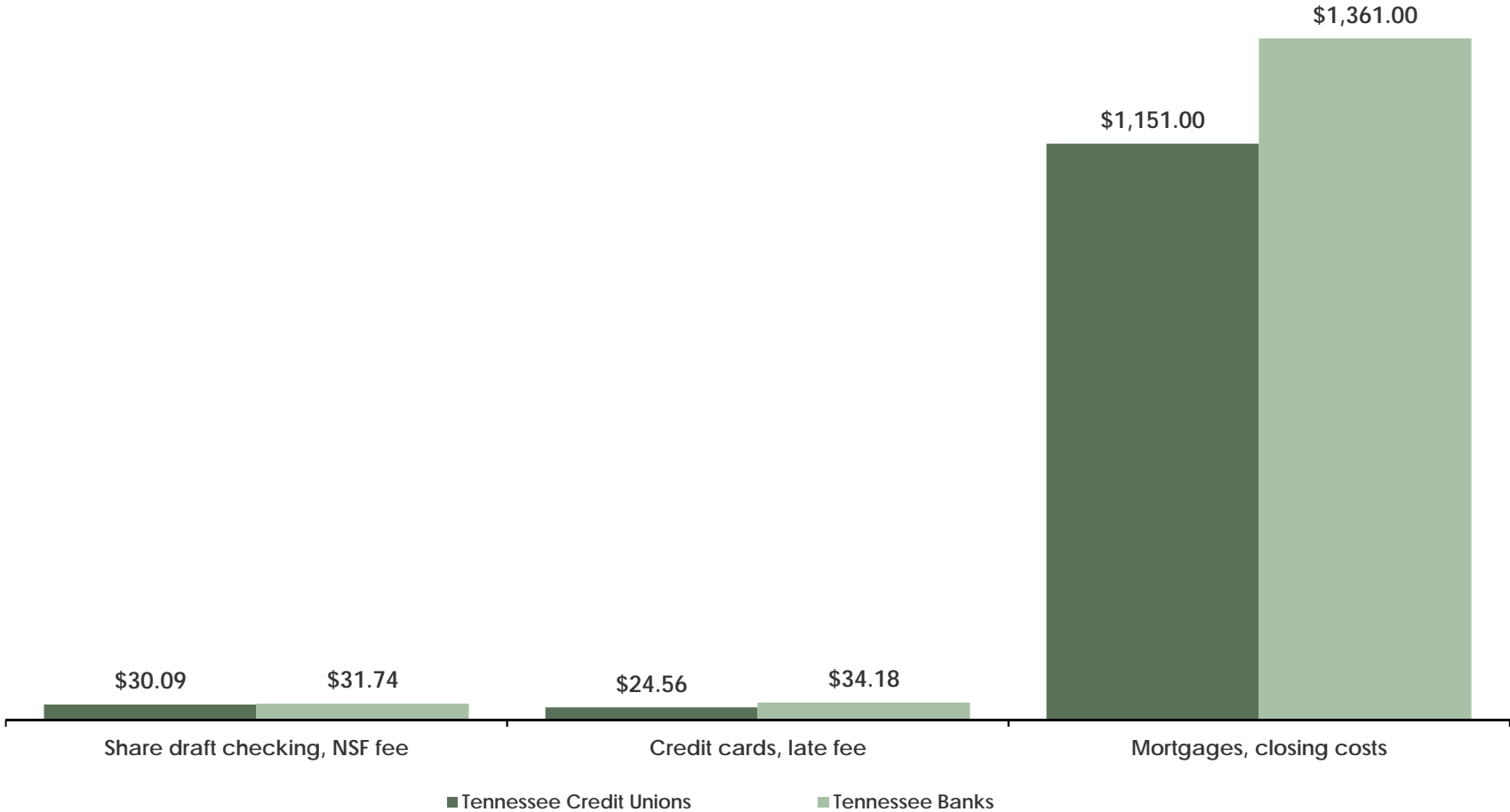
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



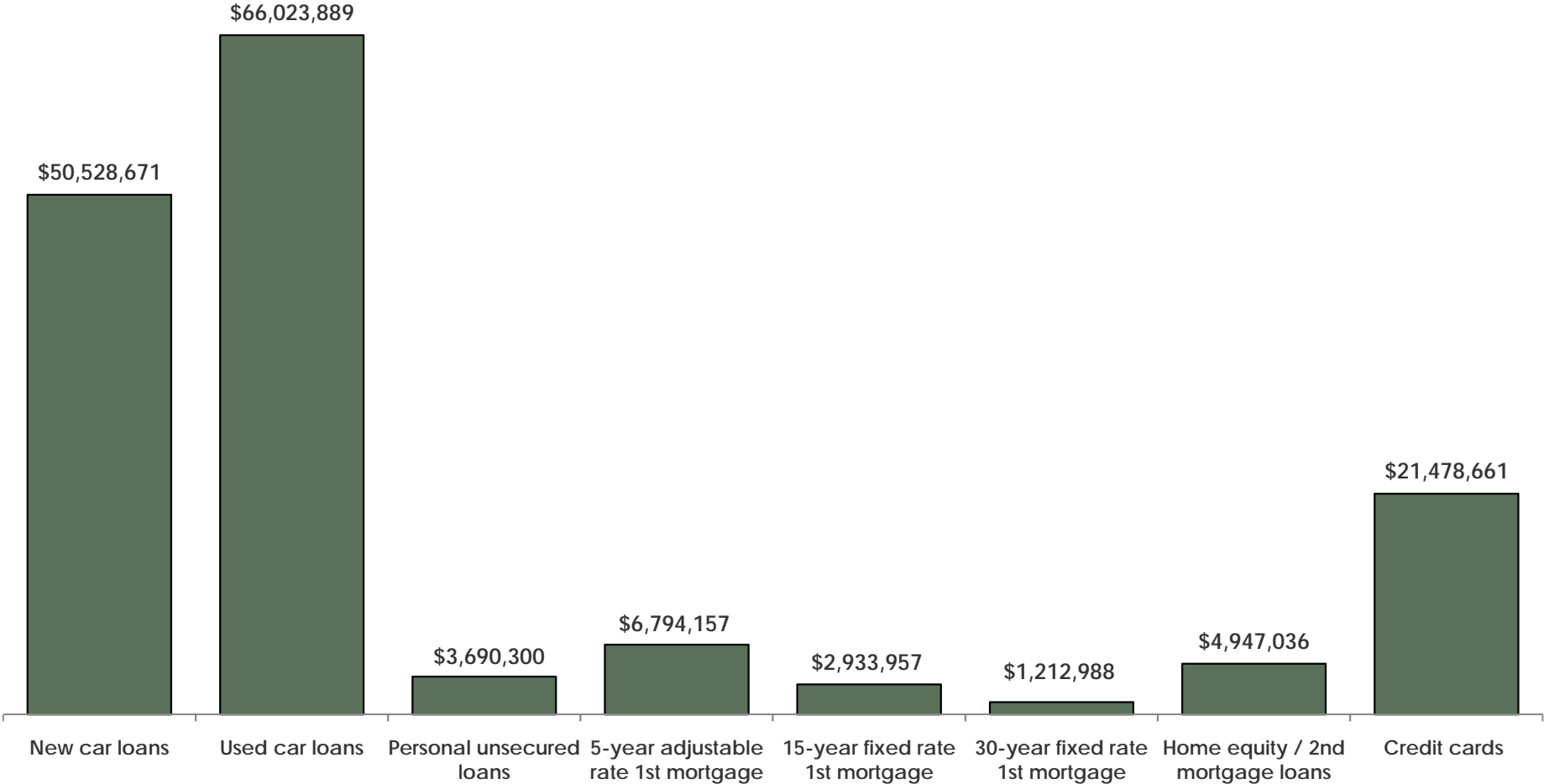
Tennessee Credit Union and Banking Institution December 2018 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.51	5.05	-1.54
48-month used car (A paper)	3.75	5.37	-1.62
Unsecured loan (A paper)	9.01	9.56	-0.55
5-year adjustable rate 1st mortgage, 0 pts	4.00	4.25	-0.26
15-year fixed rate 1st mortgage, 0 pts	4.39	4.54	-0.15
30-year fixed rate 1st mortgage, 0 pts	4.87	4.91	-0.04
Home equity / 2nd mtg, 80% LTV 0 pts	5.12	5.65	-0.53
Credit card - rewards	10.43	14.23	-3.80
Credit card - platinum	9.75	13.52	-3.77
Savings Products			
Regular savings, \$1,000 balance	0.21	0.19	0.02
Share draft checking, \$5,000 balance	0.11	0.15	-0.04
Money market accounts	0.35	0.23	0.12
1 Year certificate \$10,000 balance	1.49	1.07	0.43
Retirement (IRA) accounts	0.92	0.65	0.27
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

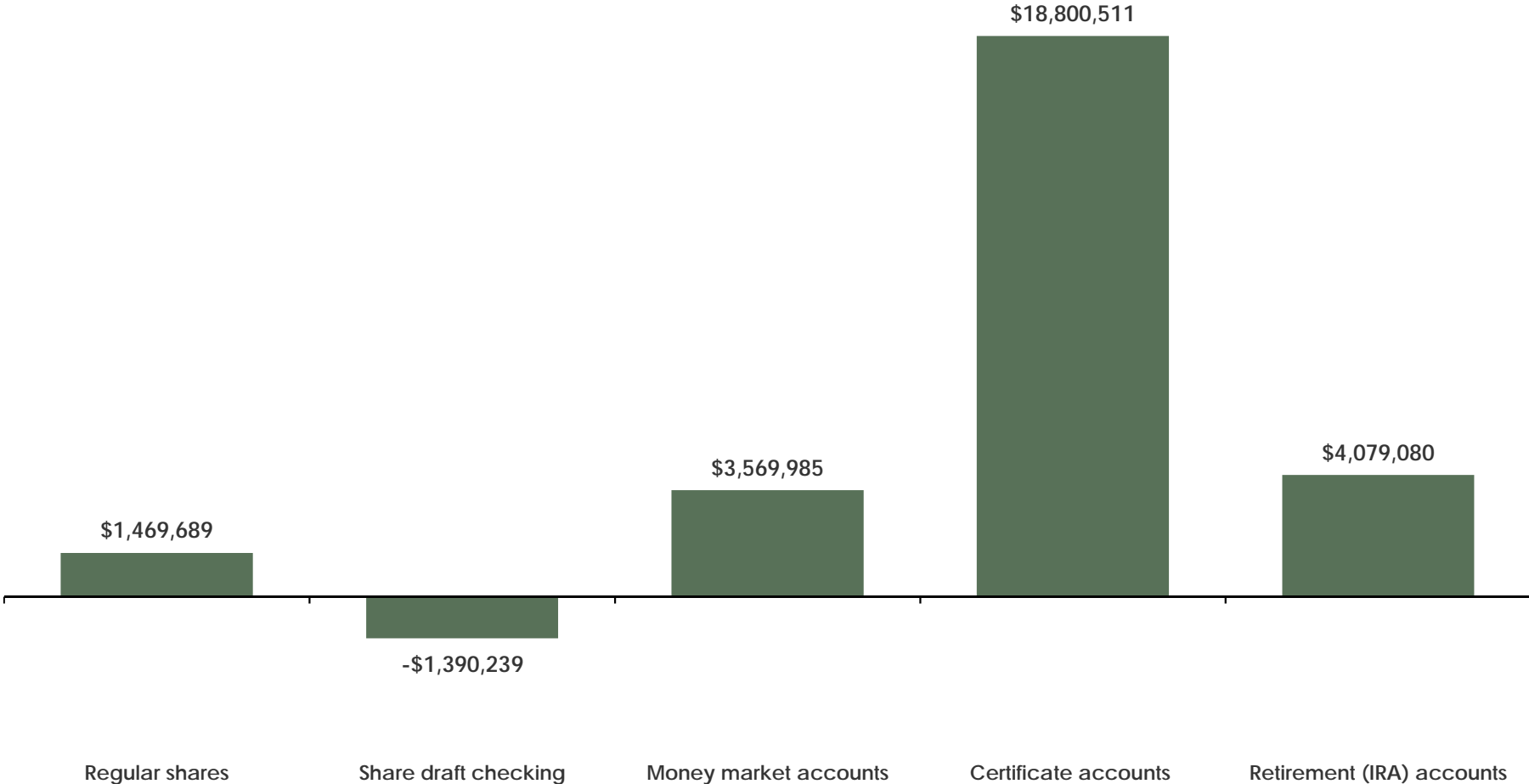
State Credit Union's Total Loan Rate Benefits

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 December 2018

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Tennessee Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	3,278,953,346	-1.54	\$50,528,671
Used car loans	4,073,034,469	-1.62	\$66,023,889
Personal unsecured loans	673,412,333	-0.55	\$3,690,300
5-year adjustable rate 1st mortgage	2,653,967,735	-0.26	\$6,794,157
15-year fixed rate 1st mortgage	1,955,971,474	-0.15	\$2,933,957
30-year fixed rate 1st mortgage	2,958,507,454	-0.04	\$1,212,988
Home equity / 2nd mortgage loans	933,403,023	-0.53	\$4,947,036
Credit cards	566,345,716	-3.80	\$21,478,661
Interest rebates			\$14,349,747
Total CU member benefits arising from lower interest rates on loan products:			\$171,959,406
Savings			
Regular shares	7,348,444,951	0.02	\$1,469,689
Share draft checking	3,658,524,702	-0.04	-\$1,390,239
Money market accounts	3,025,410,832	0.12	\$3,569,985
Certificate accounts	4,413,265,443	0.43	\$18,800,511
Retirement (IRA) accounts	1,499,661,895	0.27	\$4,079,080
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$26,529,026
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$24,518,981
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$223,007,413
Total CU member benefit / member:			\$102
Total CU member benefit / member household:			\$215

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of December 2018 and December 2017, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

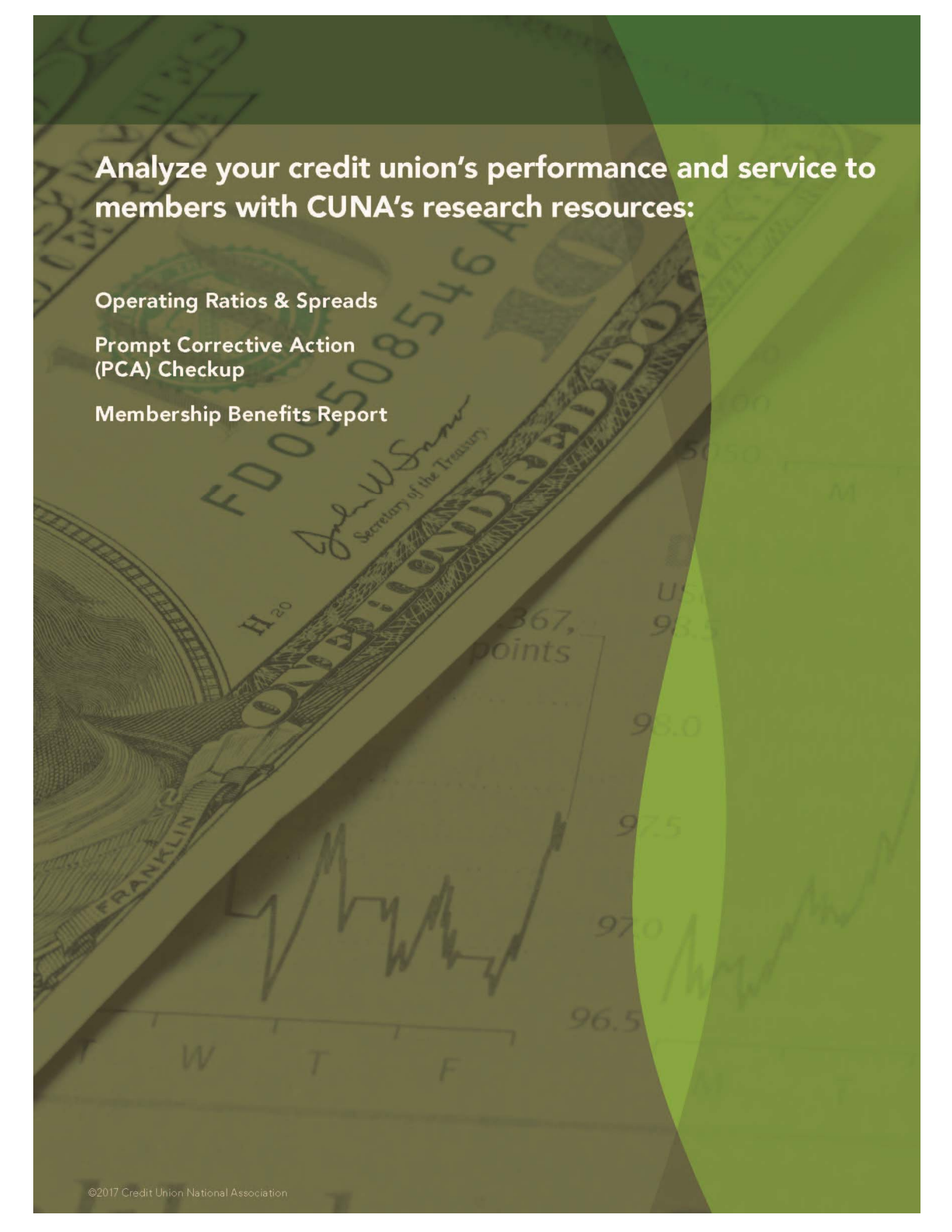
Membership Benefits Report

CUNA Economics and Statistics

Tennessee Credit Union Performance Profile

Demographic Information	Dec 18	Dec 17
Number of branches	533	529
Total assets (\$ mil)	25,133	23,407
Total loans (\$ mil)	19,253	17,192
Total surplus funds (\$ mil)	4,722	5,146
Total savings (\$ mil)	21,018	19,649
Total members (thousands)	2,236	2,134
Growth Rates (Trailing 12 months) *		
Total assets	7.6 %	7.3 %
Total loans	12.2 %	12.6 %
Total surplus funds	-8.0 %	-6.7 %
Total savings	7.2 %	6.4 %
Total members	5.1 %	3.9 %
Earnings - Basis Pts. *		
Yield on total assets	367	338
Dividend / interest cost of assets	61	44
Fee & other income	162	155
Operating expense	326	323
Loss Provisions	37	33
Net Income (ROA) after stabilization exp	106	93
Capital Adequacy		
Net worth / assets	12.9	12.7
Asset Quality *		
Delinquencies / loans	0.5	0.5
Net chargeoffs / average loans	0.4	0.4
Total borrower-bankruptcies	40	35
Bankruptcies per 1000 members	2.5	2.4
Asset/Liability Management		
Loans / savings	91.6	87.5
Loans / assets	76.6	73.4
Long-term assets / assets	32.5	32.4
Core deposits/shares & borrowings	53.2	53.9
Productivity		
Members / potential members	7.8	8.2
Borrowers / members	54.3	53.2
Members / FTE	368	362
Average shares / members (\$)	9,402	9,209
Average loan balances (\$)	15,864	15,142
Salary & Benefits / FTE	66,176	63,760

* 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.



Analyze your credit union's performance and service to members with CUNA's research resources:

Operating Ratios & Spreads

Prompt Corrective Action
(PCA) Checkup

Membership Benefits Report