### The Benefits of Membership

Customized Analysis of Member Benefits For:

### Alabama

December 2013

Prepared by:

Credit Union National Association Economics and Statistics Department



#### Alabama

#### 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 Alabama credit unions provided \$136,357,145 in direct financial benefits to the state's 1,855,174 members during the twelve months ending December 2013.

#### These benefits are equivalent to \$74 per member or \$140 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 Alabama 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 Alabama credit unions.

#### Consider this:

Financing a \$25,000 new automobile for 60 months at a Alabama credit union will save members an average \$149 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.

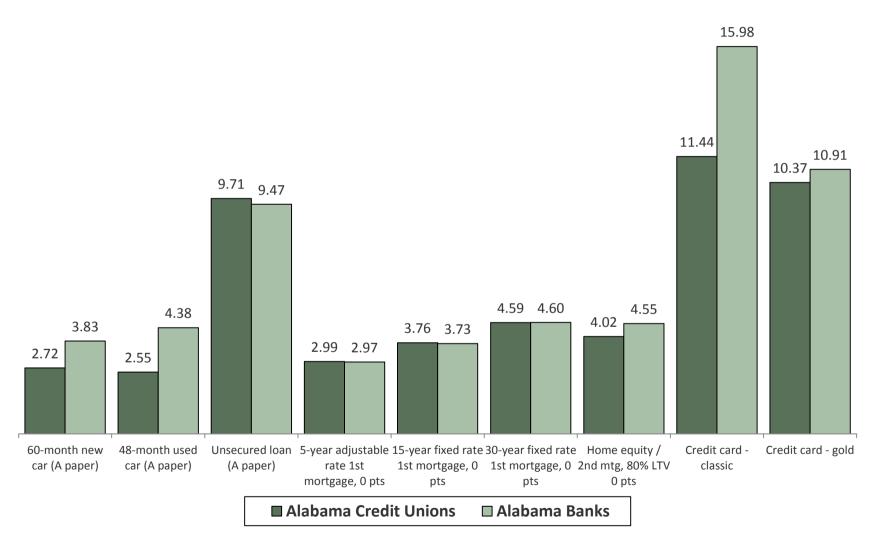
Alabama credit unions excel in providing member benefits on many loan and saving products. In particular, Alabama credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, home equity loans, credit cards loans.

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



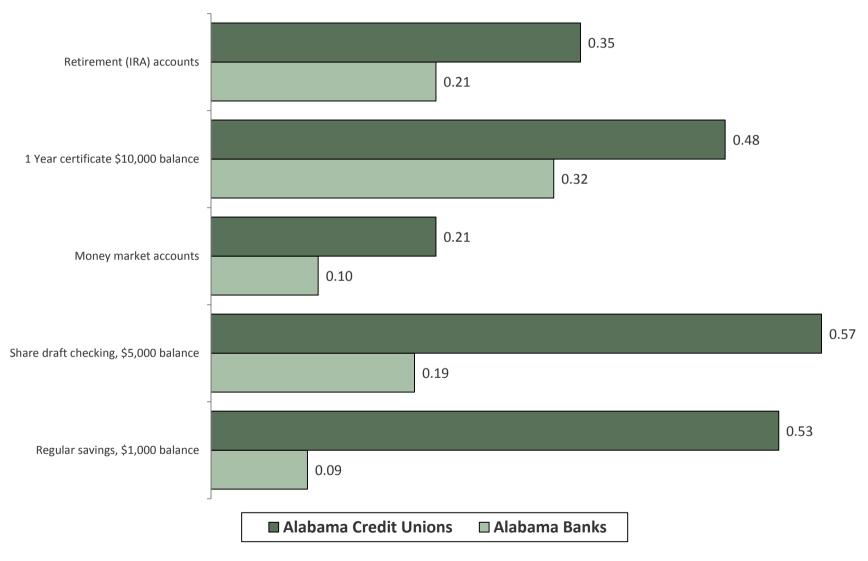
## **Loan Product Comparative Interest Rates (%)**

**By Loan Type** 



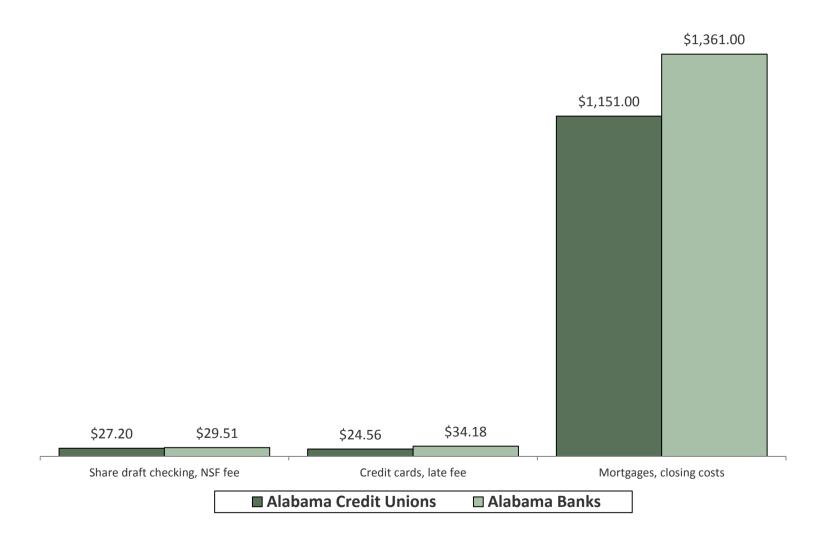
### **Savings Products Comparative Interest Rates(%)**

**By Savings Account Type** 



## **Comparative Fees**

**By Type** 



#### Alabama

### Credit Union and Banking Instituion

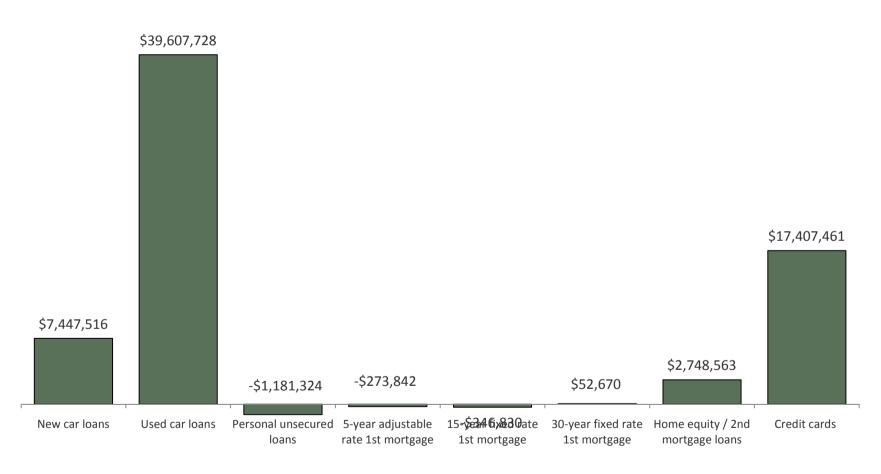
### Year-End 2013 Average Interest Rates and Fees

Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
2.72	3.83	-1.11
2.55	4.38	-1.83
9.71	9.47	0.24
2.99	2.97	0.02
3.76	3.73	0.03
4.59	4.60	-0.01
4.02	4.55	-0.53
11.44	15.98	-4.54
10.37	10.91	-0.54
0.53	0.09	0.44
0.57	0.19	0.38
0.21	0.10	0.11
0.48	0.32	0.16
0.35	0.21	0.14
\$27.20	\$29.51	-\$2.31
\$24.56	\$34.18	-\$9.62
\$1,151.00	\$1,361.00	-\$210.00
	2.72 2.55 9.71 2.99 3.76 4.59 4.02 11.44 10.37 0.53 0.57 0.21 0.48 0.35	2.72     3.83       2.55     4.38       9.71     9.47       2.99     2.97       3.76     3.73       4.59     4.60       4.02     4.55       11.44     15.98       10.37     10.91       0.53     0.09       0.57     0.19       0.21     0.10       0.48     0.32       0.35     0.21       \$27.20     \$29.51       \$24.56     \$34.18

Source: Datatrac

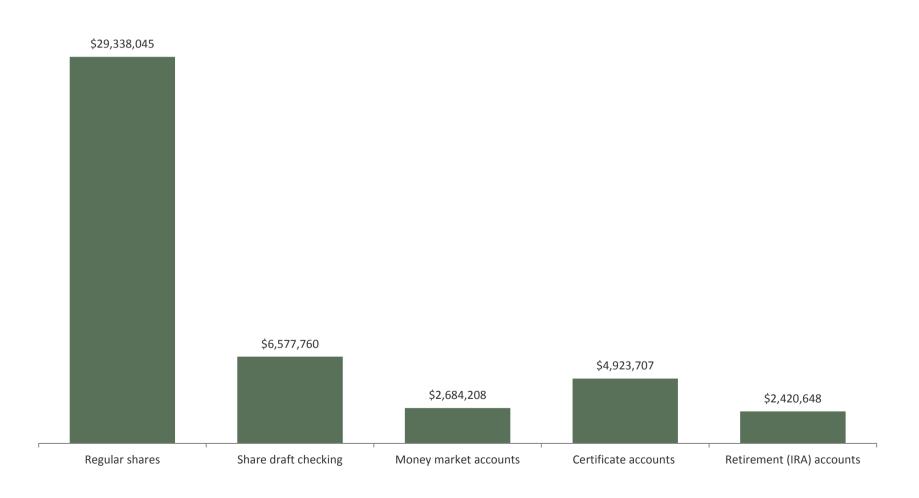
### **State Credit Unions' Total Loan Rate Benefits**

# Compared to State Banking Institutions by Loan Type



### **State Credit Unions' Total Savings Dividend Benefits**

Compared to State Banking Institutions by Account Type



# Estimated Financial Benefits for Alabama Credit Unions Year-End 2013

	Avg. Balance at	Rate Difference vs. Alabama	Total Financial Benefit to Your
<u>Loans</u>	Credit Unions (1)	Banks (%) (2)	Members
New car loans	670,947,390	-1.11	\$7,447,516
Used car loans	2,164,356,731	-1.83	\$39,607,728
Personal unsecured loans	492,218,480	0.24	-\$1,181,324
5-year adjustable rate 1st mortgage	1,369,212,378	0.02	-\$273,842
15-year fixed rate 1st mortgage	1,156,099,550	0.03	-\$346,830
30-year fixed rate 1st mortgage	526,699,274	-0.01	\$52,670
Home equity / 2nd mortgage loans	518,596,787	-0.53	\$2,748,563
Credit cards	491,736,182	-4.54	\$17,407,461
Interest rebates in period			\$1,946,066
Total CU member benefits arising from lower interest rates on loan products:			\$67,408,007
Savings			
Regular shares	6,667,737,582	0.44	\$29,338,045
Share draft checking	1,730,989,525	0.38	\$6,577,760
Money market accounts	2,440,189,436	0.11	\$2,684,208
Certificate accounts	3,077,316,739	0.16	\$4,923,707
Retirement (IRA) accounts	1,793,072,475	0.14	\$2,420,648
Bonus dividends in period	\$0		
Total CU member benefit arising from higher interest	\$45,944,369		
Fee Income			
Total CU member benefit arising from fewer/lower fee	s:		\$23,004,770
Total CU member benefit arising from interest rate	es on loan and savings products and lo	ower fees:	\$136,357,145
Total CU member benefit / member:			\$74
Total CU member benefit / member household:			\$140

Source: Datatrac, NCUA, and CUNA

<sup>(1)</sup> Average balance as of year-end 2013 and year-end 2012, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Alabama Performance Profile

Demographic Information	Dec 13	Dec 12
Number of branches	429	422
Total assets (\$ mil)	18,343	17,767
Total loans (\$ mil)	8,123	7,736
Total surplus funds (\$ mil)	9,389	9,247
Total savings (\$ mil)	16,122	15,569
Total members (thousands)	1,878	1,838
Growth Rates (Trailing 12 months) *		
Total assets	3.4 %	6.4 %
Total loans	5.3 %	3.2 %
Total surplus funds	1.7 %	9.2 %
Total savings	3.7 %	6.3 %
Total members	2.5 %	3.0 %
Earnings - Basis Pts. *		
Yield on total assets	301	328
Dividend/interest cost of assets	60	76
Fee & other income	146	150
Operating expense	299	302
Loss Provisions	28	28
Net Income (ROA) after stabilization exp	61	72
Capital adequacy		
Net worth / assets	11.3	11.1
Asset quality *		
Delinquencies / loans	1.4	1.4
Net chargeoffs / average loans	0.7	0.7
Total borrower-bankruptcies	43	43
Bankruptcies per 1000 members	2.7	2.9
Asset/Liability Management		
Loans / savings	50.4	49.7
Loans / assets	44.3	43.5
Long-term assets / assets	39.1	33.1
Core deposits/shares & borrowings	54.0	51.9
Productivity		
Members/potential members	7.2	7.5
Borrowers/members	44.3	44.3
Members/FTE	409	407
Average shares/members (\$)	8,586	8,472
Average loan balances (\$)	9,771	9,511
Salary & Benefits/FTE	56,541	55,082
Galary & Delicits/1 1 L	30,341	33,002

<sup>\*</sup> 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.