

The Benefits of Membership

Customized Analysis of Member Benefits For:

Illinois

December 2013

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Illinois

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 Illinois credit unions provided \$204,152,712 in direct financial benefits to the state's 2,852,757 members during the twelve months ending December 2013.

These benefits are equivalent to \$72 per member or \$136 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 Illinois 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 Illinois credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Illinois credit union will save members an average \$190 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.

Illinois credit unions excel in providing member benefits on many loan and saving products. In particular, Illinois 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.

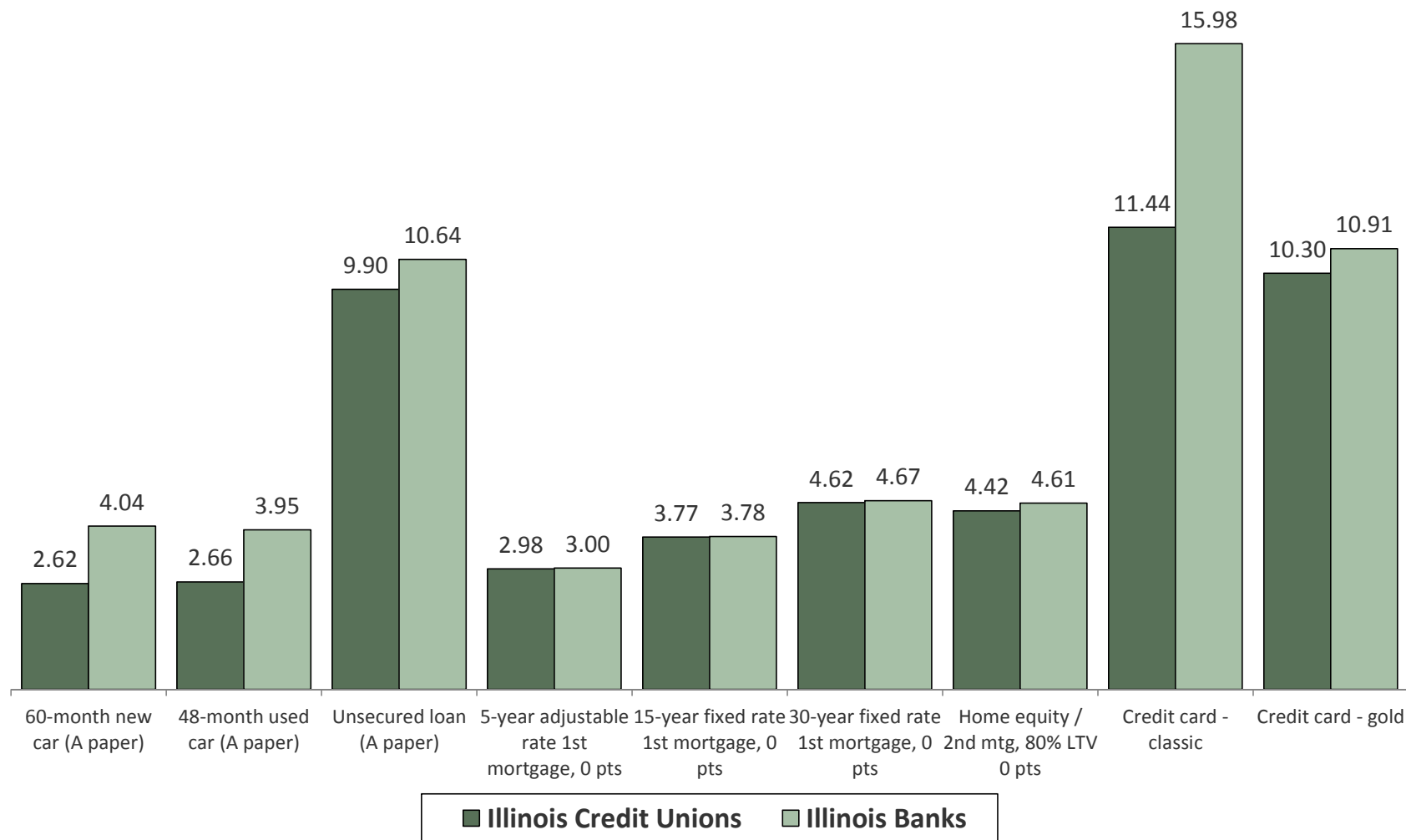
Illinois credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

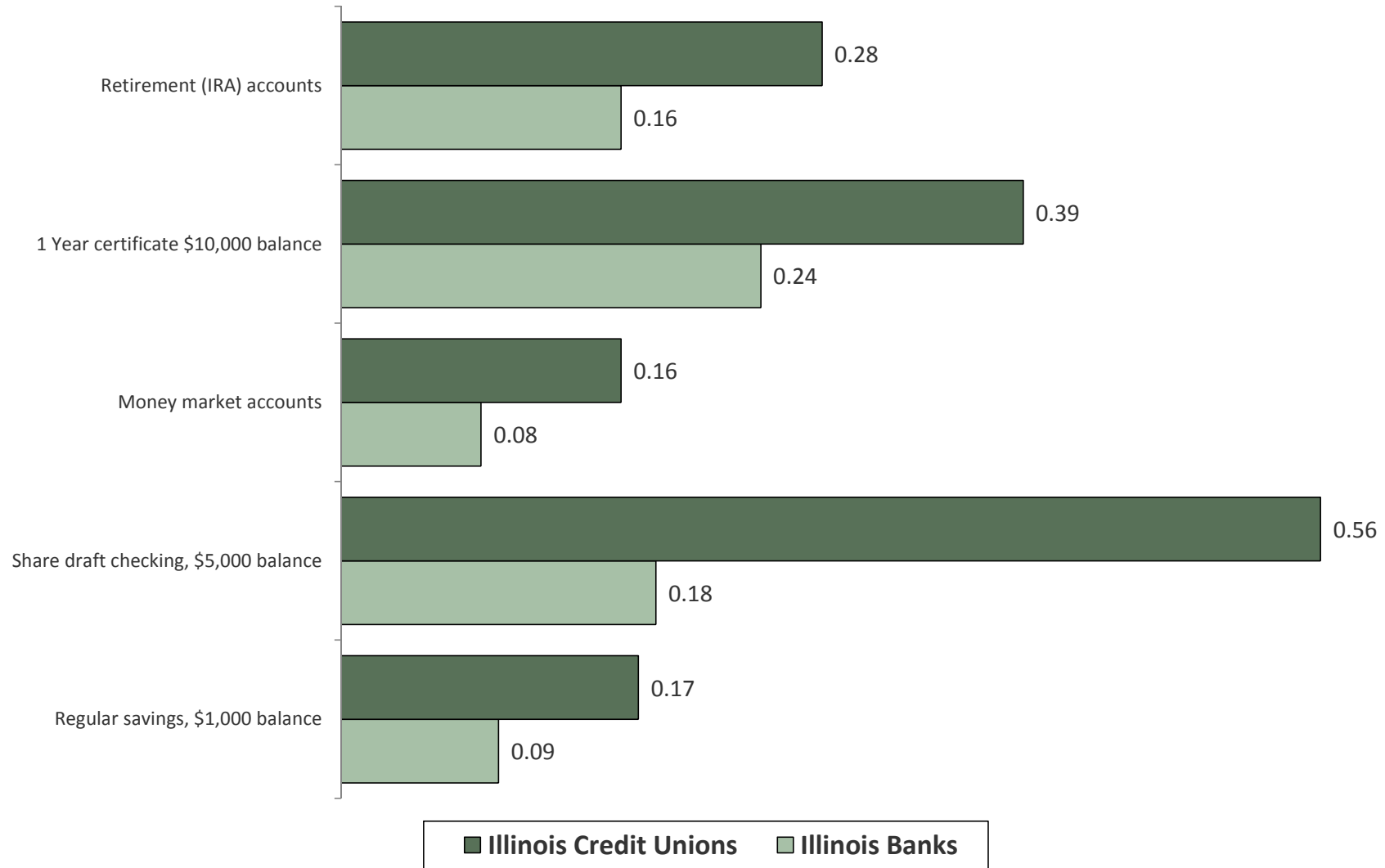
Loan Product Comparative Interest Rates (%)

By Loan Type



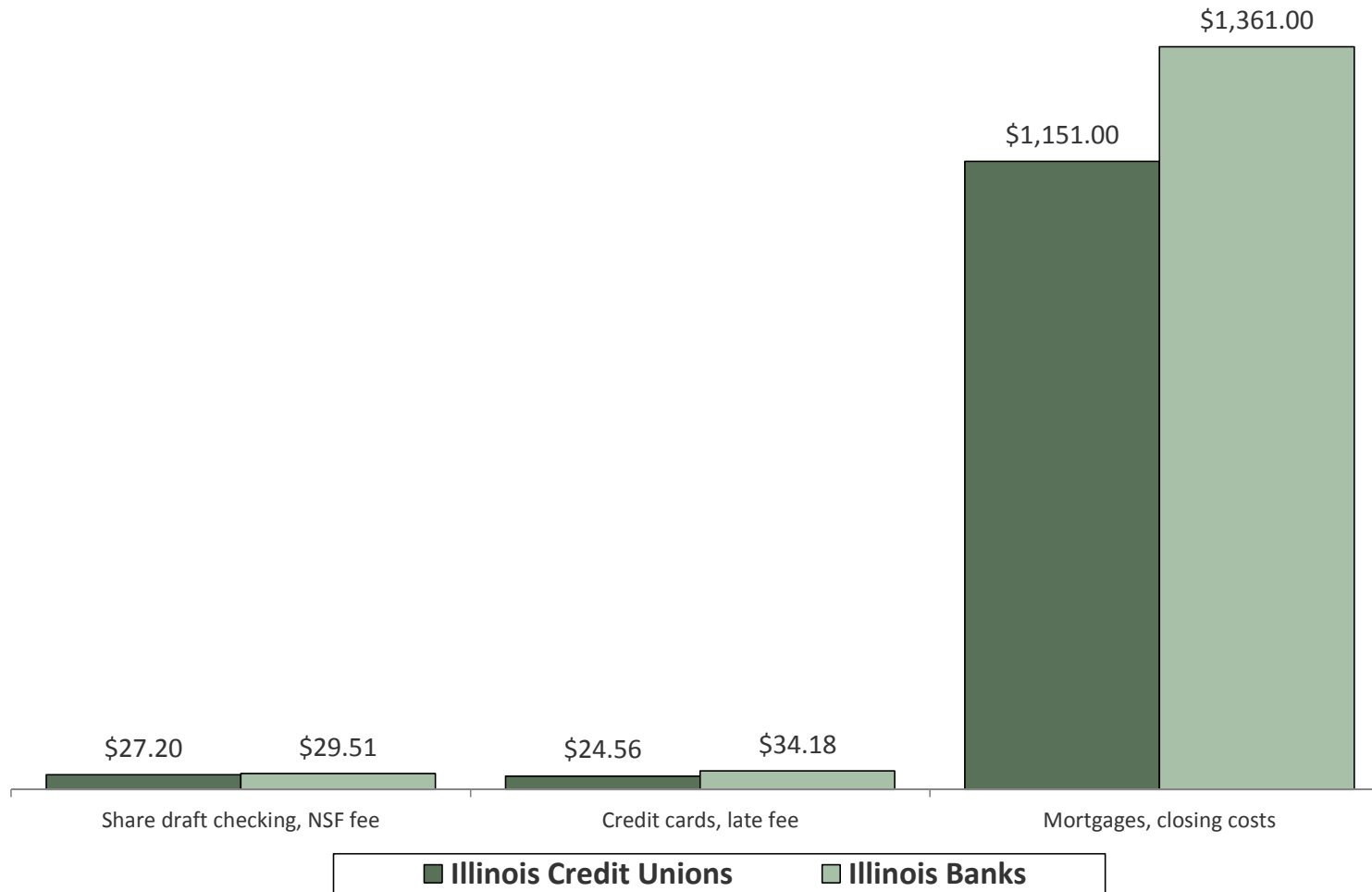
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



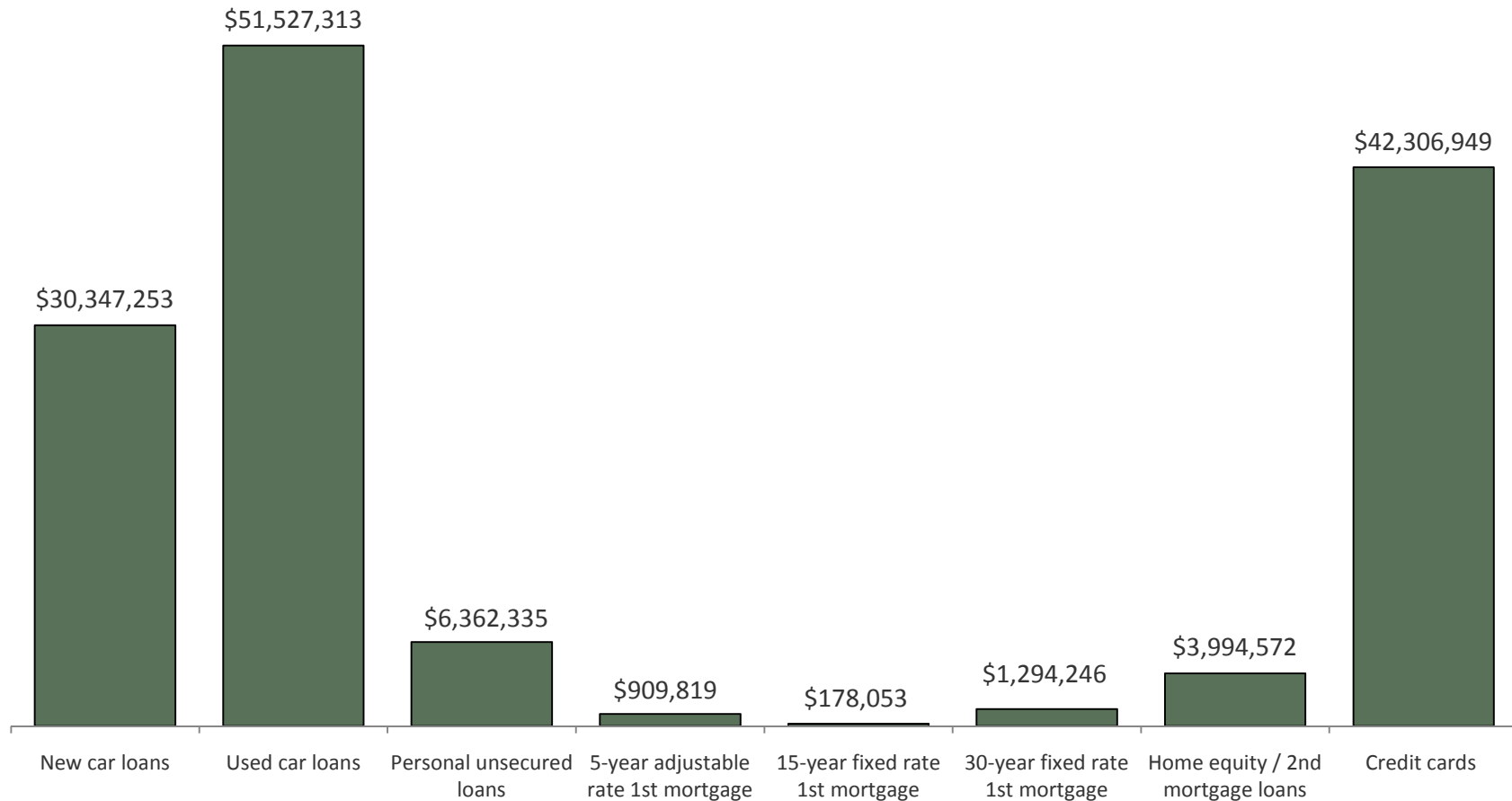
Illinois
Credit Union and Banking Instituion
Year-End 2013 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.62	4.04	-1.42
48-month used car (A paper)	2.66	3.95	-1.29
Unsecured loan (A paper)	9.90	10.64	-0.74
5-year adjustable rate 1st mortgage, 0 pts	2.98	3.00	-0.02
15-year fixed rate 1st mortgage, 0 pts	3.77	3.78	-0.01
30-year fixed rate 1st mortgage, 0 pts	4.62	4.67	-0.05
Home equity / 2nd mtg, 80% LTV 0 pts	4.42	4.61	-0.19
Credit card - classic	11.44	15.98	-4.54
Credit card - gold	10.30	10.91	-0.61
Savings Products			
Regular savings, \$1,000 balance	0.17	0.09	0.08
Share draft checking, \$5,000 balance	0.56	0.18	0.38
Money market accounts	0.16	0.08	0.08
1 Year certificate \$10,000 balance	0.39	0.24	0.15
Retirement (IRA) accounts	0.28	0.16	0.12
Fee Income			
Share draft checking, NSF fee	\$27.20	\$29.51	-\$2.31
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 Unions' Total Loan Rate Benefits

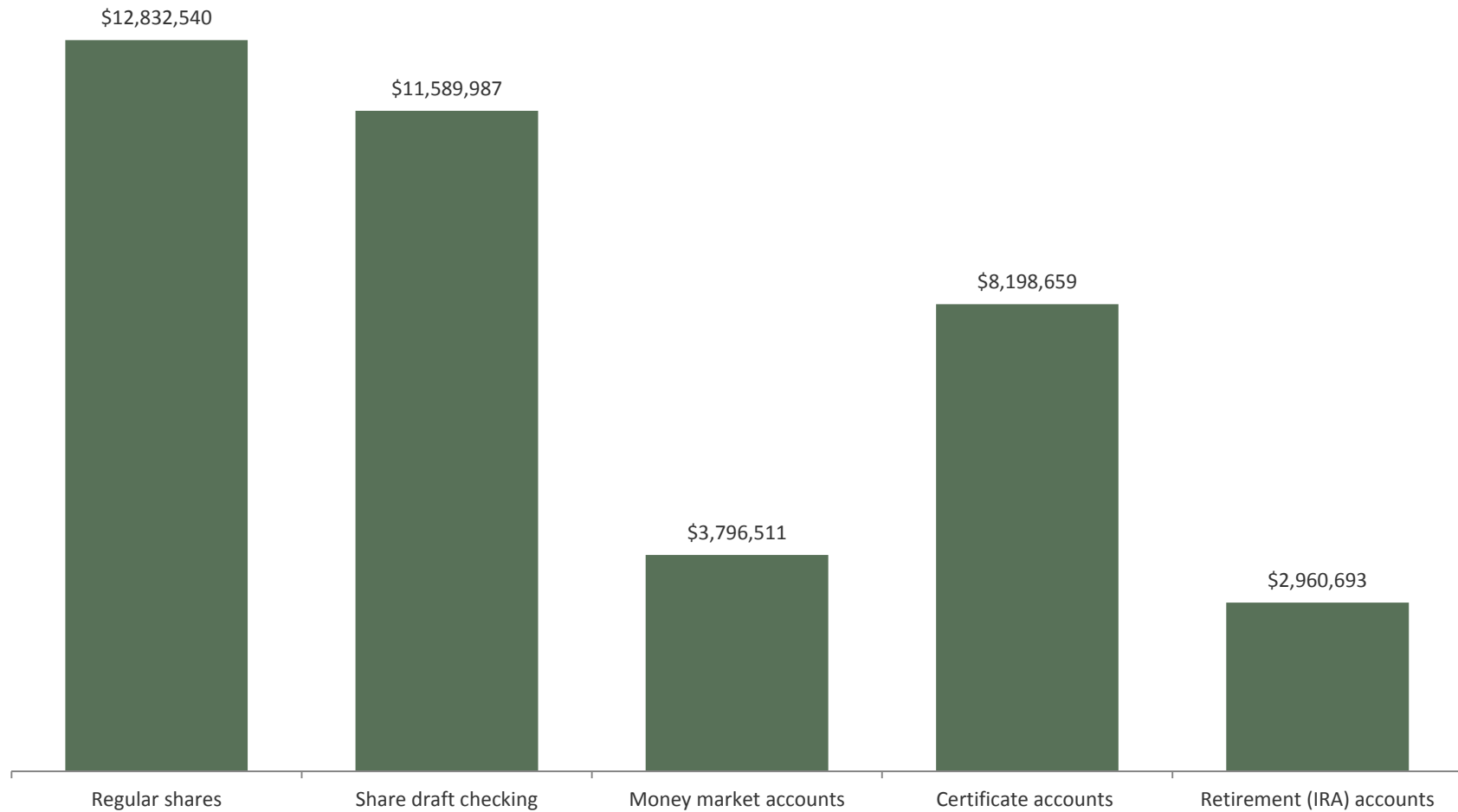
Compared to State Banking Institutions
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Illinois Credit Unions

Year-End 2013

Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Illinois Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,137,130,528	-1.42	\$30,347,253
Used car loans	3,994,365,317	-1.29	\$51,527,313
Personal unsecured loans	859,774,984	-0.74	\$6,362,335
5-year adjustable rate 1st mortgage	4,549,096,047	-0.02	\$909,819
15-year fixed rate 1st mortgage	1,780,528,104	-0.01	\$178,053
30-year fixed rate 1st mortgage	2,588,491,522	-0.05	\$1,294,246
Home equity / 2nd mortgage loans	2,102,406,551	-0.19	\$3,994,572
Credit cards	1,189,232,591	-4.54	\$42,306,949
Interest rebates in period			\$1,646,817
Total CU member benefits arising from lower interest rates on loan products:			\$138,567,358

Savings

Regular shares	16,040,674,931	0.08	\$12,832,540
Share draft checking	3,049,996,687	0.38	\$11,589,987
Money market accounts	4,745,639,135	0.08	\$3,796,511
Certificate accounts	5,465,772,387	0.15	\$8,198,659
Retirement (IRA) accounts	2,574,515,592	0.12	\$2,960,693
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$39,378,390

Fee Income

Total CU member benefit arising from fewer/lower fees:	\$26,206,964
Total CU member benefit arising from interest rates on loan and savings products and lower fees:	\$204,152,712
Total CU member benefit / member:	\$72
Total CU member benefit / member household:	\$136

Source: Datatrac, NCUA, and CUNA

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

**Illinois
Performance Profile**

Demographic Information	Dec 13	Dec 12
Number of branches	728	742
Total assets (\$ mil)	37,350	37,082
Total loans (\$ mil)	20,934	19,644
Total surplus funds (\$ mil)	15,352	16,388
Total savings (\$ mil)	32,693	32,571
Total members (thousands)	2,889	2,875
Growth Rates (Trailing 12 months) *		
Total assets	1.8 %	4.2 %
Total loans	7.7 %	4.2 %
Total surplus funds	-5.5 %	4.1 %
Total savings	1.4 %	4.8 %
Total members	2.4 %	2.4 %
Earnings - Basis Pts. *		
Yield on total assets	287	315
Dividend/interest cost of assets	59	73
Fee & other income	106	104
Operating expense	253	252
Loss Provisions	25	36
Net Income (ROA) after stabilization exp	56	57
Capital adequacy		
Net worth / assets	10.6	10.2
Asset quality *		
Delinquencies / loans	0.9	1.3
Net chargeoffs / average loans	0.5	0.6
Total borrower-bankruptcies	21	21
Bankruptcies per 1000 members	2.4	2.6
Asset/Liability Management		
Loans / savings	64.0	60.3
Loans / assets	56.0	53.0
Long-term assets / assets	28.7	26.1
Core deposits/shares & borrowings	60.6	56.9
Productivity		
Members/potential members	5.0	5.7
Borrowers/members	50.8	50.6
Members/FTE	413	413
Average shares/members (\$)	11,315	11,329
Average loan balances (\$)	14,271	13,506
Salary & Benefits/FTE	64,599	63,677

* 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.