The Benefits of Membership

Customized Analysis of Member Benefits For:

Indiana

December 2013

Prepared by:

Credit Union National Association
Economics and Statistics Department

Indiana

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 Indiana credit unions provided $131,735,504 in direct financial benefits to the state's 2,226,112 members during the twelve months ending December 2013.

These benefits are equivalent to $59 per member or $112 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 Indiana 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 Indiana credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Indiana 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.

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

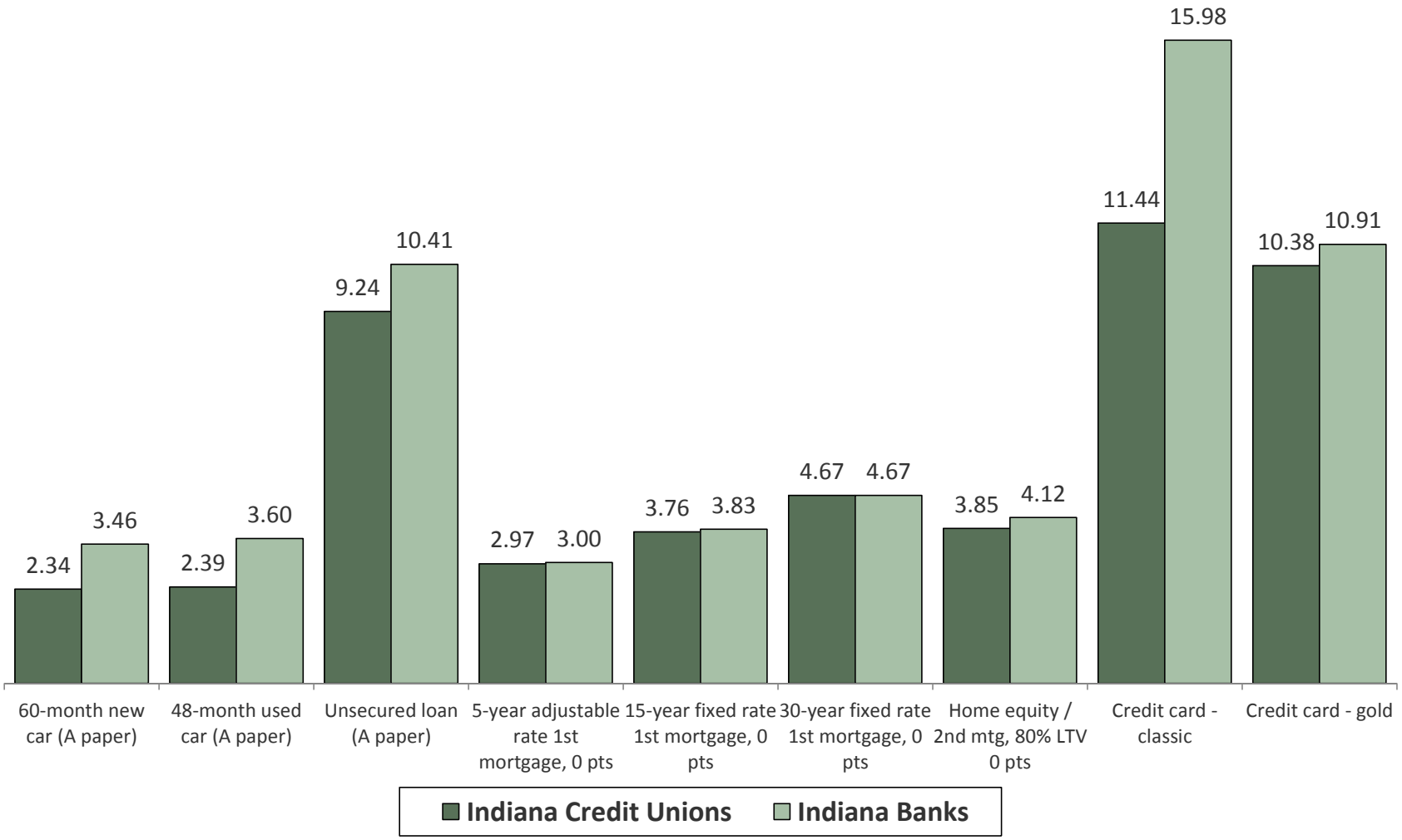
Indiana credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

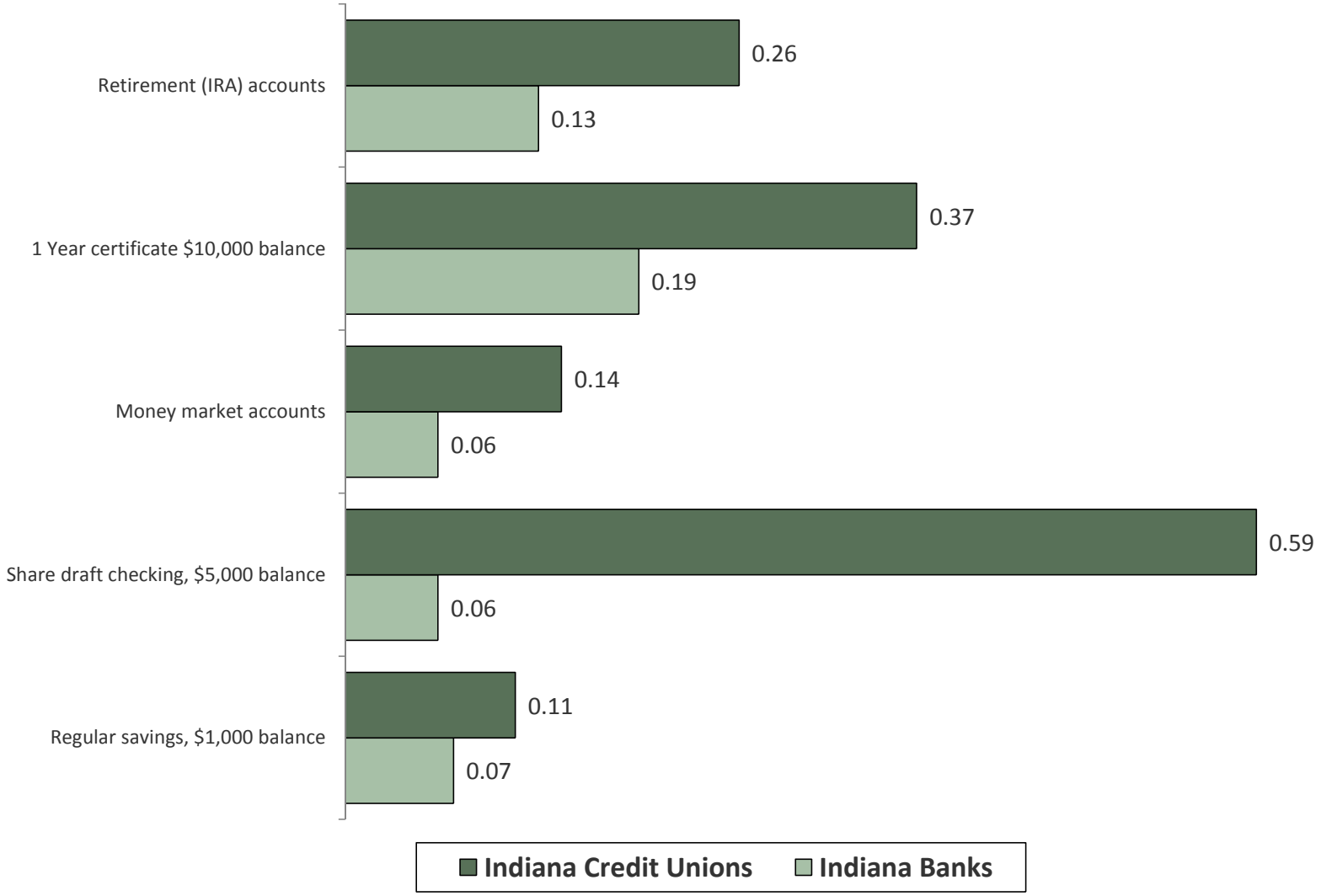
Loan Product Comparative Interest Rates (%)

By Loan Type



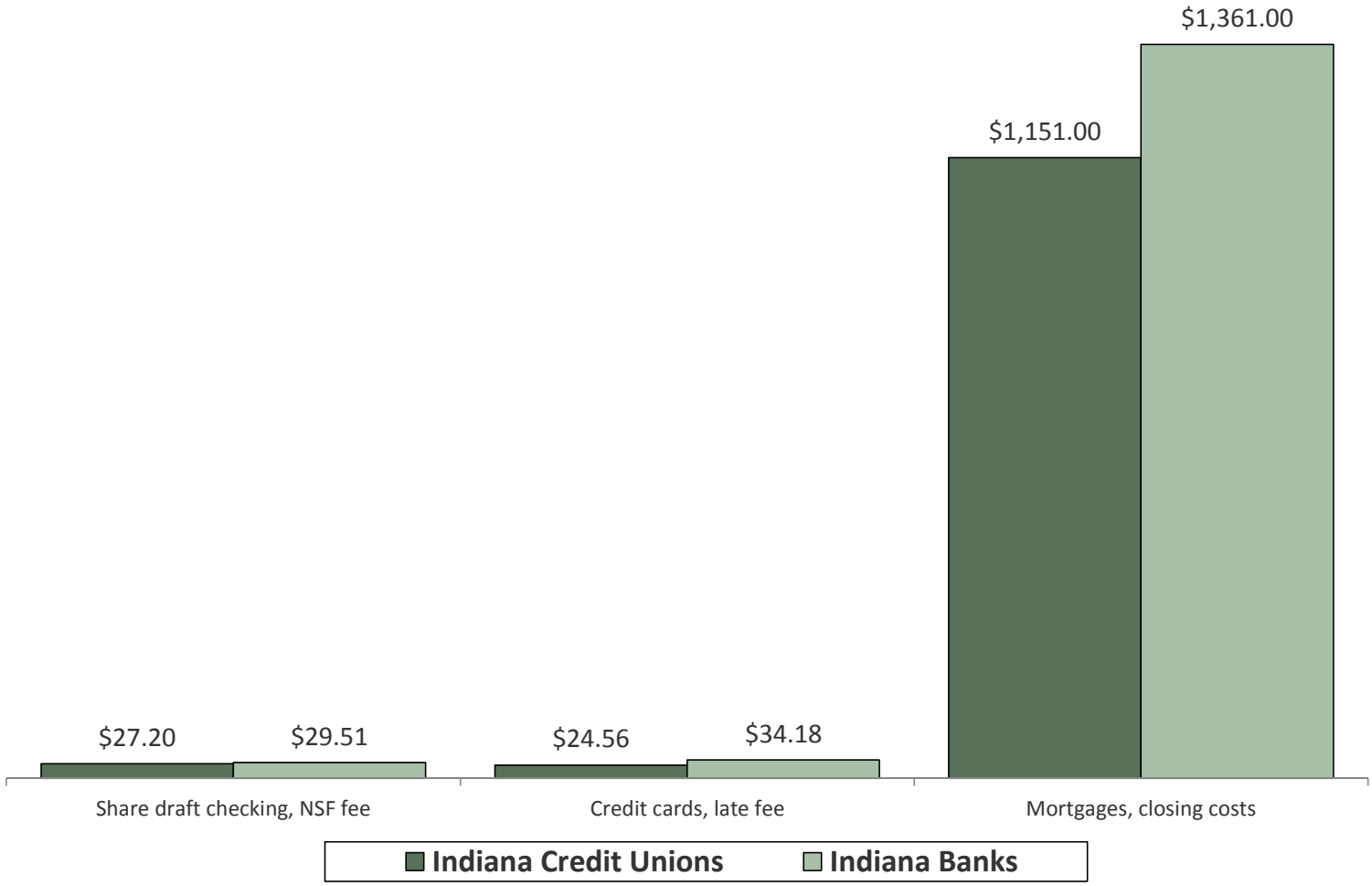
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



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

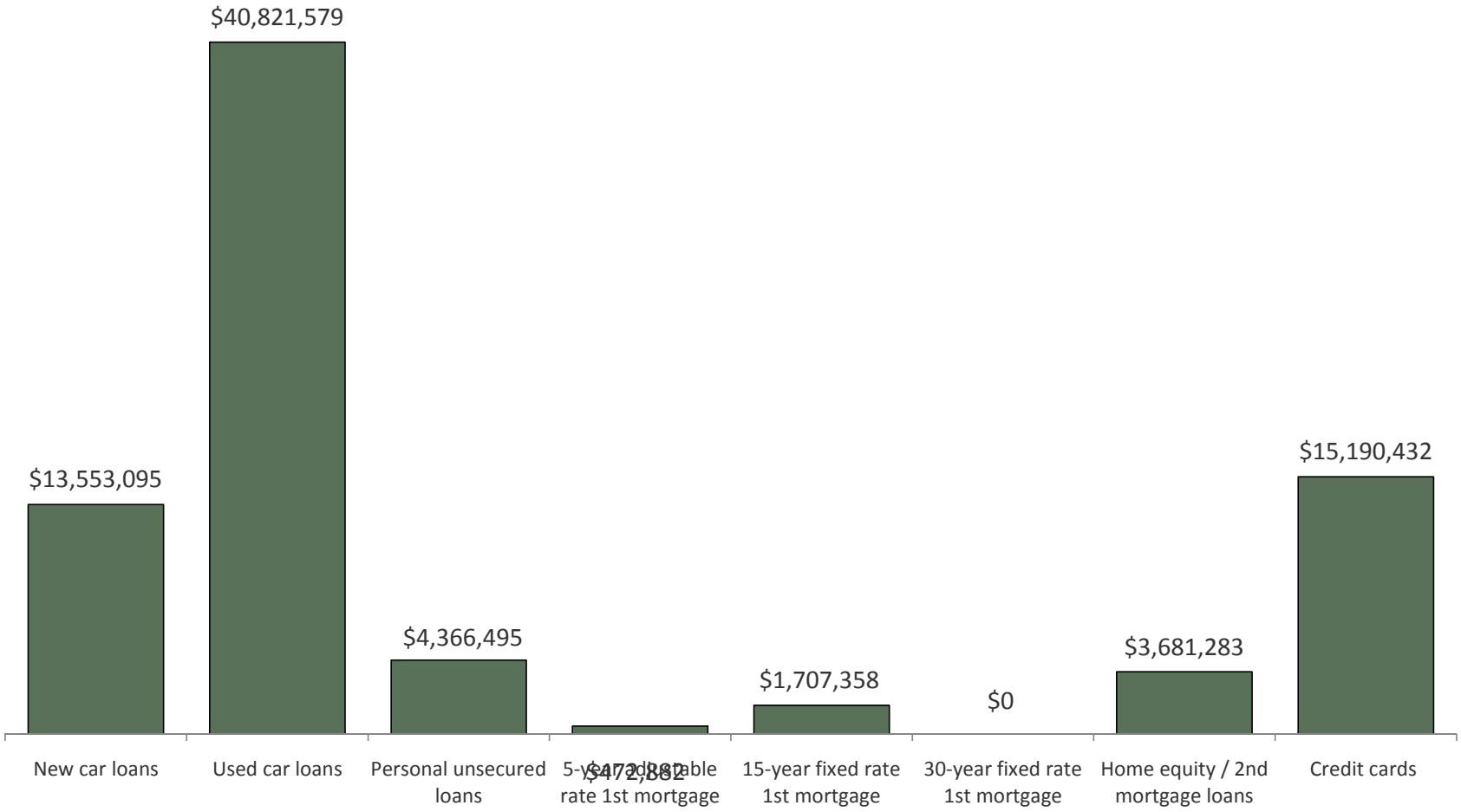
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.34	3.46	-1.12
48-month used car (A paper)	2.39	3.60	-1.21
Unsecured loan (A paper)	9.24	10.41	-1.17
5-year adjustable rate 1st mortgage, 0 pts	2.97	3.00	-0.03
15-year fixed rate 1st mortgage, 0 pts	3.76	3.83	-0.07
30-year fixed rate 1st mortgage, 0 pts	4.67	4.67	0.00
Home equity / 2nd mtg, 80% LTV 0 pts	3.85	4.12	-0.27
Credit card - classic	11.44	15.98	-4.54
Credit card - gold	10.38	10.91	-0.53
Savings Products			
Regular savings, $1,000 balance	0.11	0.07	0.04
Share draft checking, $5,000 balance	0.59	0.06	0.53
Money market accounts	0.14	0.06	0.08
1 Year certificate $10,000 balance	0.37	0.19	0.18
Retirement (IRA) accounts	0.26	0.13	0.13
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

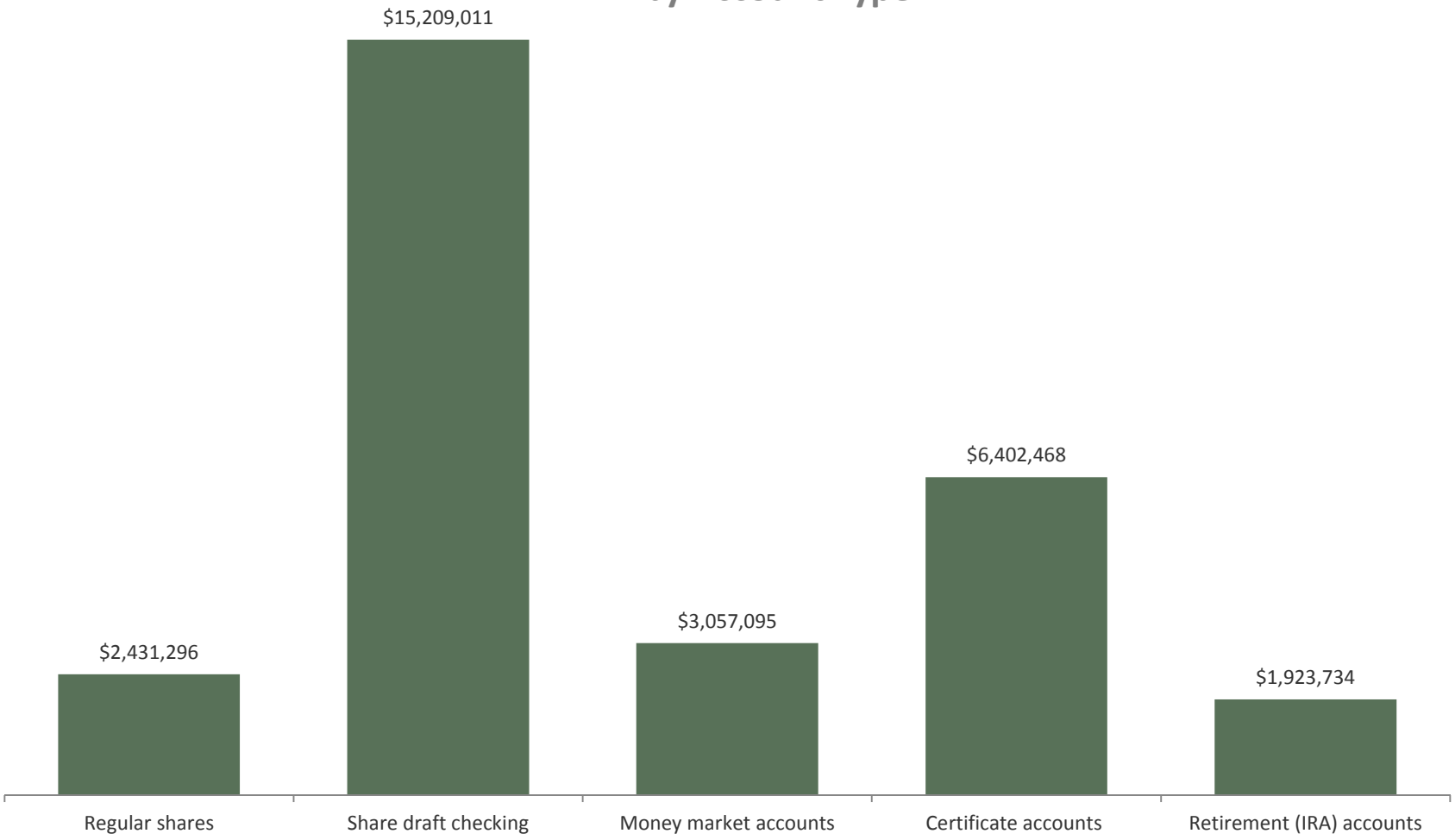
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Indiana Credit Unions

Year-End 2013

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Indiana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,210,097,793	-1.12	$13,553,095
Used car loans	3,373,684,215	-1.21	$40,821,579
Personal unsecured loans	373,204,687	-1.17	$4,366,495
5-year adjustable rate 1st mortgage	1,576,274,892	-0.03	$472,882
15-year fixed rate 1st mortgage	2,439,082,273	-0.07	$1,707,358
30-year fixed rate 1st mortgage	1,646,362,188	0.00	$0
Home equity / 2nd mortgage loans	1,363,438,091	-0.27	$3,681,283
Credit cards	429,411,513	-4.54	$15,190,432
Interest rebates in period			$757,683
Total CU member benefits arising from lower interest rates on loan products:			$80,550,807
Savings			
Regular shares	6,078,239,737	0.04	$2,431,296
Share draft checking	2,869,624,726	0.53	$15,209,011
Money market accounts	3,821,368,649	0.08	$3,057,095
Certificate accounts	3,556,926,703	0.18	$6,402,468
Retirement (IRA) accounts	1,479,795,080	0.13	$1,923,734
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$29,023,604
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$22,161,093
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$131,735,504
Total CU member benefit / member:			$59
Total CU member benefit / member household:			$112

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;

Indiana
Performance Profile

Demographic Information	Dec 13	Dec 12
Number of branches	597	605
Total assets ($ mil)	21,386	20,770
Total loans ($ mil)	13,647	12,801
Total surplus funds ($ mil)	6,888	7,153
Total savings ($ mil)	18,413	17,947
Total members (thousands)	2,237	2,235
Growth Rates (Trailing 12 months) *		
Total assets	3.5 %	5.9 %
Total loans	7.1 %	4.6 %
Total surplus funds	-3.0 %	7.7 %
Total savings	3.2 %	6.2 %
Total members	1.0 %	-0.6 %
Earnings - Basis Pts. *		
Yield on total assets	330	358
Dividend/interest cost of assets	57	71
Fee & other income	149	152
Operating expense	345	350
Loss Provisions	21	23
Net Income (ROA) after stabilization exp	55	66
Capital adequacy		
Net worth / assets	10.7	10.6
Asset quality *		
Delinquencies / loans	0.8	0.8
Net chargeoffs / average loans	0.4	0.4
Total borrower-bankruptcies	28	32
Bankruptcies per 1000 members	2.2	2.6
Asset/Liability Management		
Loans / savings	74.1	71.3
Loans / assets	63.8	61.6
Long-term assets / assets	38.7	35.1
Core deposits/shares & borrowings	49.1	48.4
Productivity		
Members/potential members	9.5	9.8
Borrowers/members	46.4	44.4
Members/FTE	359	364
Average shares/members ($)	8,230	8,029
Average loan balances ($)	13,132	12,909
Salary & Benefits/FTE	57,874	57,434

*** 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.**