The Benefits of Membership

Customized Analysis of Member Benefits For:

Kansas

June 2014

Prepared by:

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Economics and Statistics Department

Kansas

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 Kansas credit unions provided $61,298,035 in direct financial benefits to the state's 638,235 members during the twelve months ending June 2014.

These benefits are equivalent to $96 per member or $182 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 Kansas 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 Kansas credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Kansas credit union will save members an average $291 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.

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

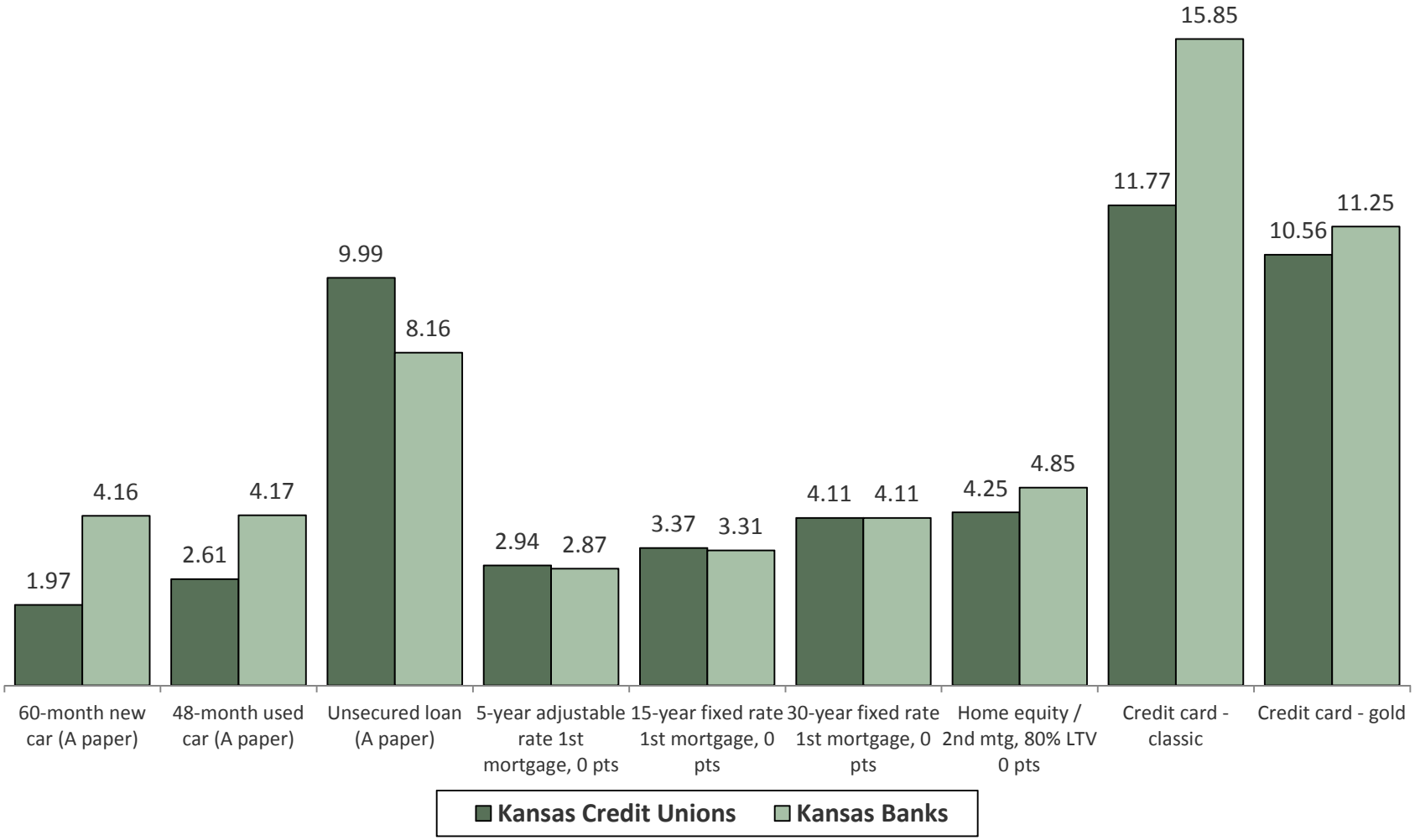
Kansas credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

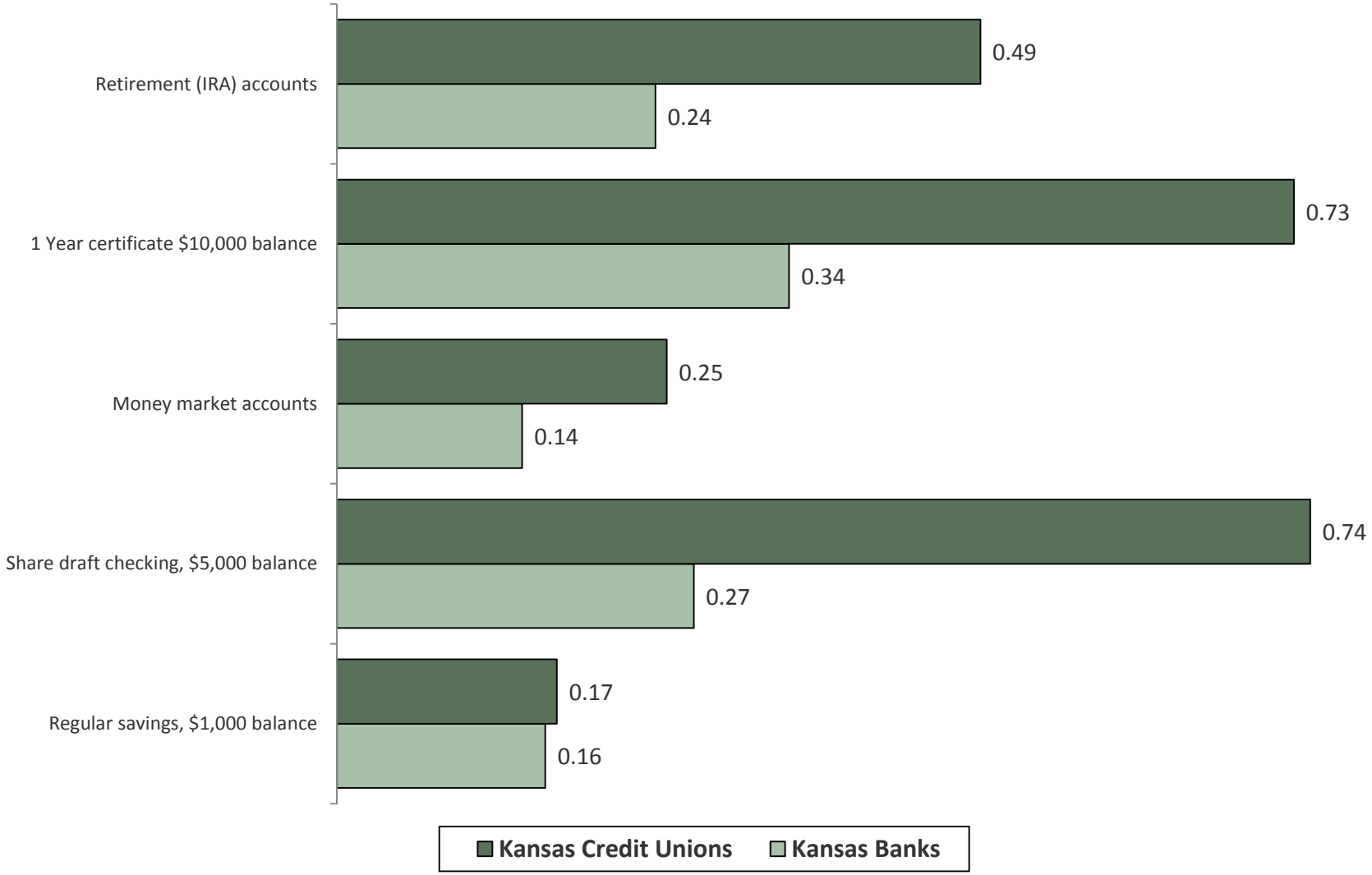
Loan Product Comparative Interest Rates (%)

By Loan Type



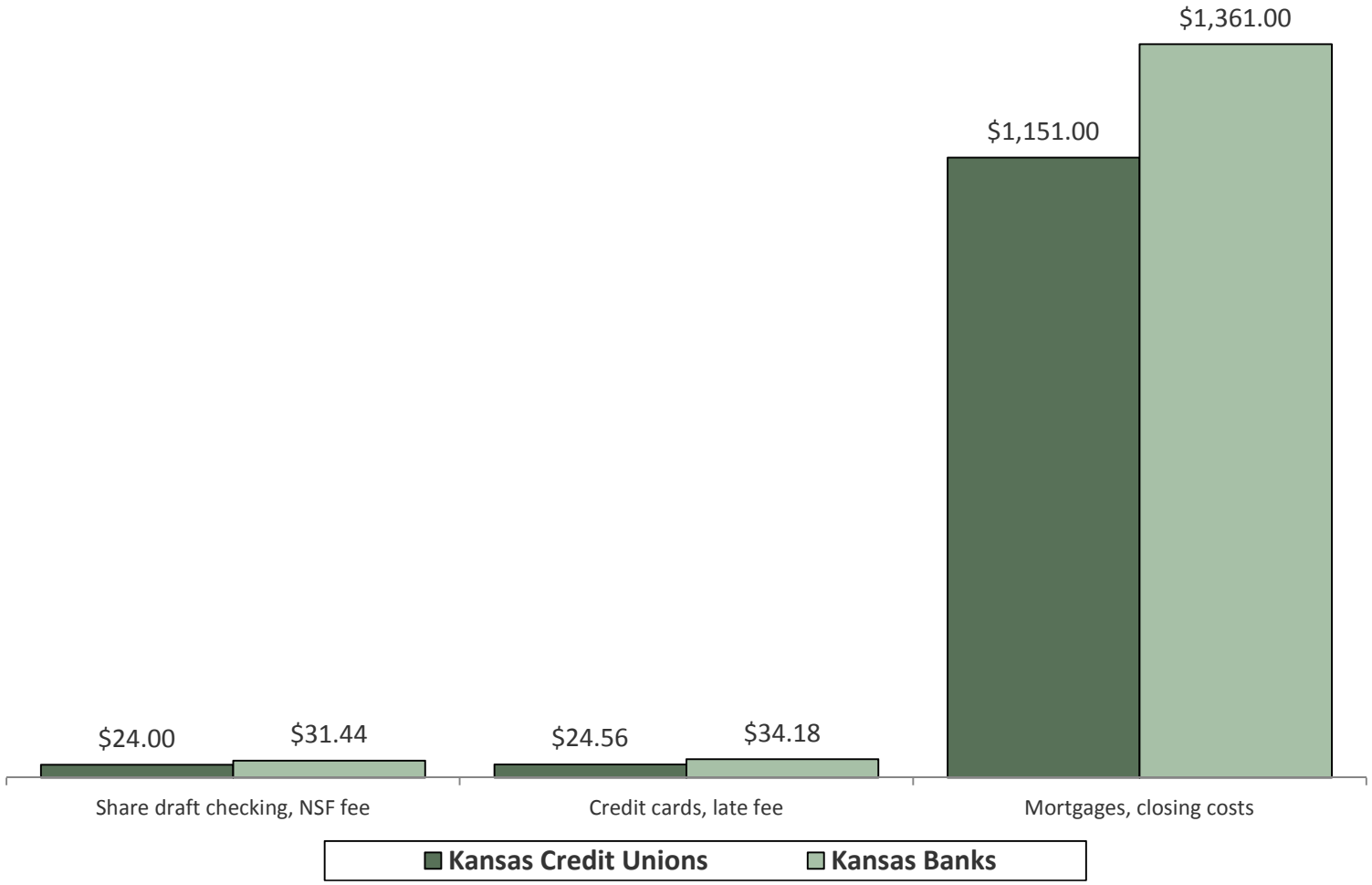
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Kansas
Credit Union and Banking Instituion
Mid-Year 2014 Average Interest Rates and Fees

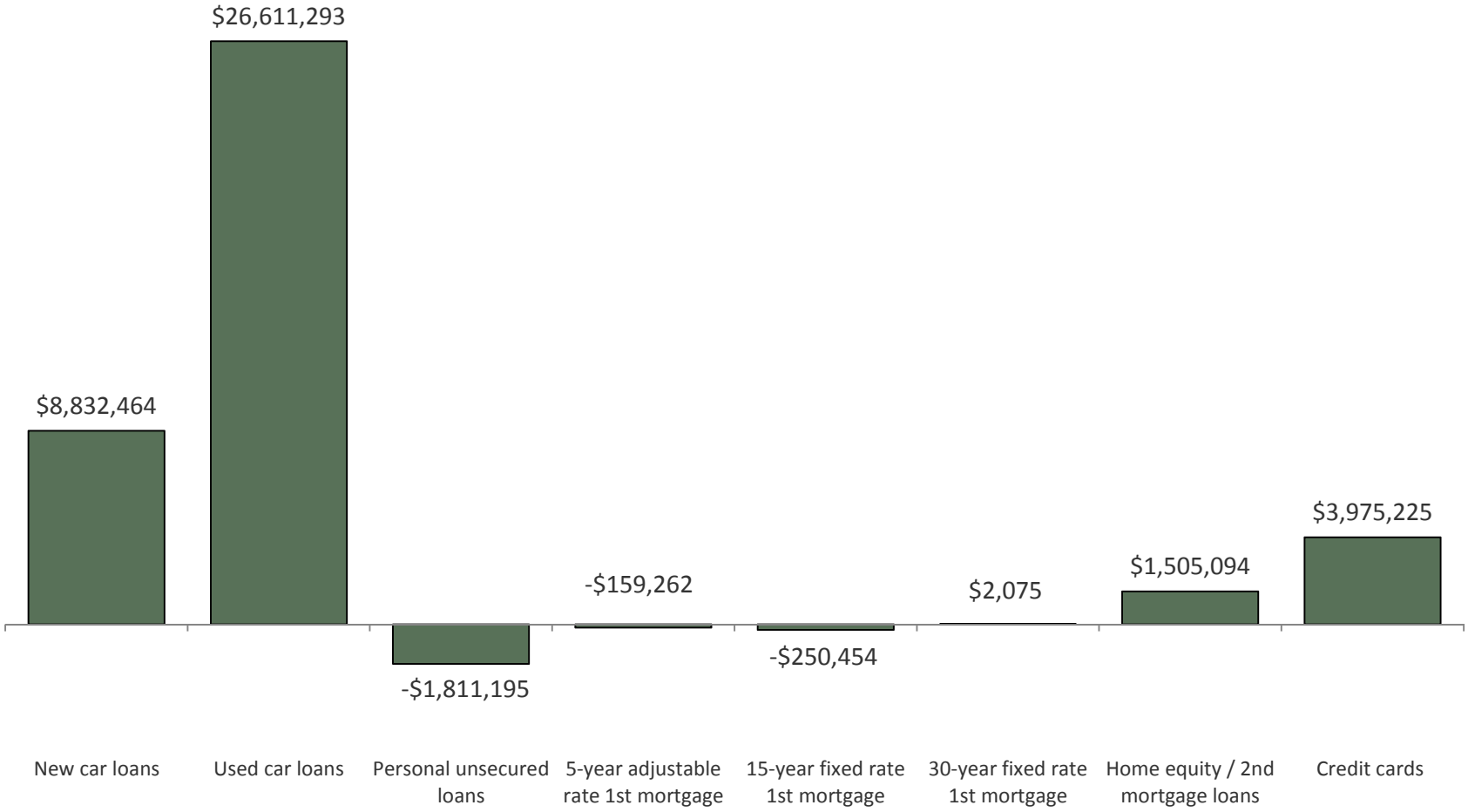
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	1.97	4.16	-2.18
48-month used car (A paper)	2.61	4.17	-1.57
Unsecured loan (A paper)	9.99	8.16	1.83
5-year adjustable rate 1st mortgage, 0 pts	2.94	2.87	0.08
15-year fixed rate 1st mortgage, 0 pts	3.37	3.31	0.06
30-year fixed rate 1st mortgage, 0 pts	4.11	4.11	0.00
Home equity / 2nd mtg, 80% LTV 0 pts	4.25	4.85	-0.60
Credit card - classic	11.77	15.85	-4.08
Credit card - gold	10.56	11.25	-0.69
Savings Products			
Regular savings, $1,000 balance	0.17	0.16	0.01
Share draft checking, $5,000 balance	0.74	0.27	0.47
Money market accounts	0.25	0.14	0.11
1 Year certificate $10,000 balance	0.73	0.34	0.38
Retirement (IRA) accounts	0.49	0.24	0.25
Fee Income			
Share draft checking, NSF fee	$24.00	$31.44	-$7.44
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

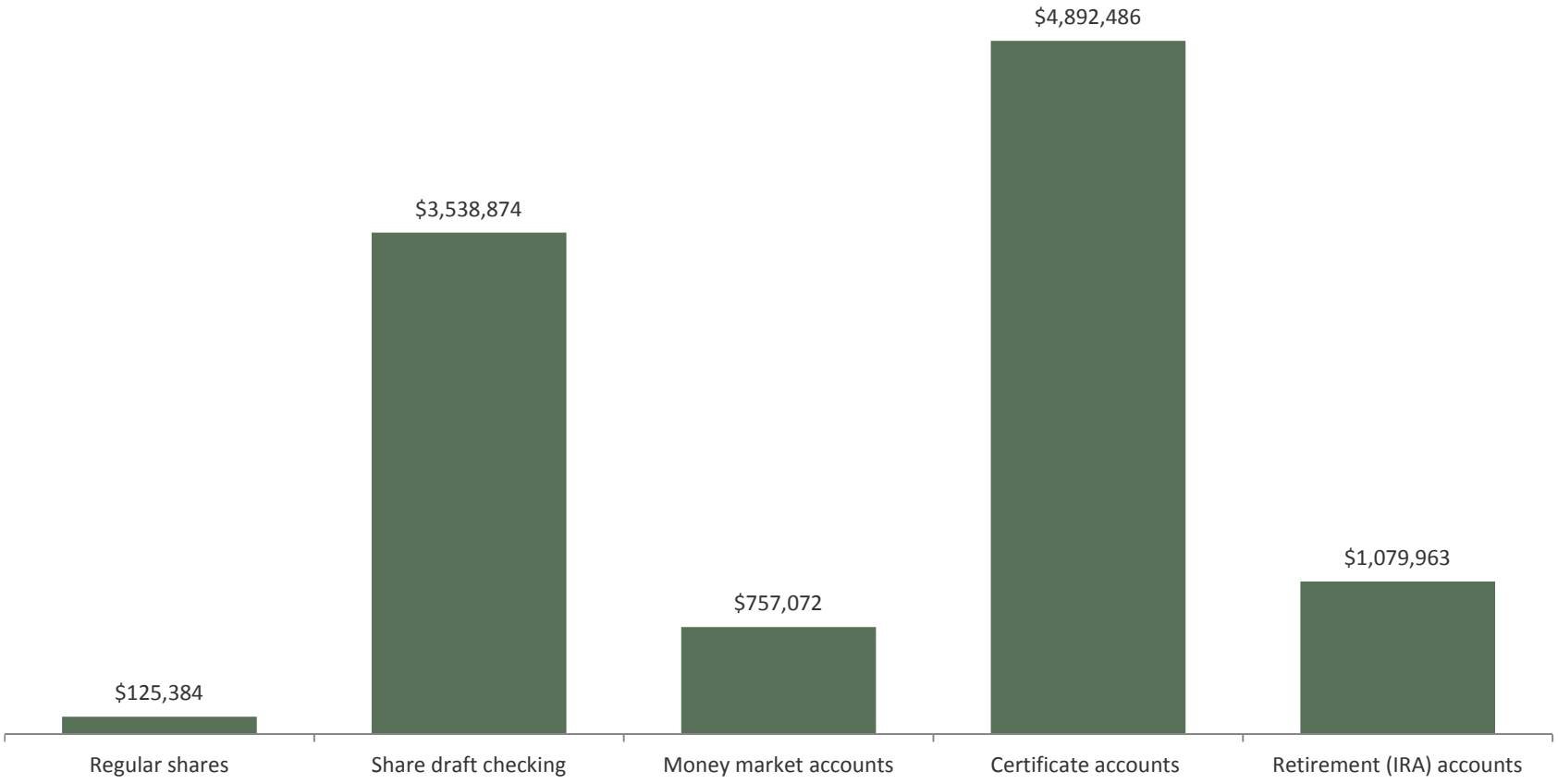
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Kansas Credit Unions

Mid-Year 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Kansas Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	404,602,091	-2.18	$8,832,464
Used car loans	1,699,316,285	-1.57	$26,611,293
Personal unsecured loans	98,810,442	1.83	-$1,811,195
5-year adjustable rate 1st mortgage	206,833,846	0.08	-$159,262
15-year fixed rate 1st mortgage	417,424,124	0.06	-$250,454
30-year fixed rate 1st mortgage	207,489,918	0.00	$2,075
Home equity / 2nd mortgage loans	249,601,028	-0.60	$1,505,094
Credit cards	122,976,804	-4.08	$3,975,225
Interest rebates in period			$129,915
Total CU member benefits arising from lower interest rates on loan products:			$38,835,154
Savings			
Regular shares	1,431,380,508	0.01	$125,384
Share draft checking	757,788,927	0.47	$3,538,874
Money market accounts	690,616,756	0.11	$757,072
Certificate accounts	1,278,960,230	0.38	$4,892,486
Retirement (IRA) accounts	438,867,638	0.25	$1,079,963
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$10,393,780
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$12,069,100
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$61,298,035
Total CU member benefit / member:			$96
Total CU member benefit / member household:			$182

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2014 and June 2013, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Kansas
Performance Profile

Demographic Information	Jun 14	Jun 13
Number of branches	189	190
Total assets ($ mil)	5,635	5,372
Total loans ($ mil)	3,745	3,479
Total surplus funds ($ mil)	1,649	1,659
Total savings ($ mil)	4,864	4,644
Total members (thousands)	643	637
Growth Rates (Trailing 12 months) *		
Total assets	5.3 %	5.7 %
Total loans	7.9 %	7.0 %
Total surplus funds	0.1 %	3.4 %
Total savings	5.2 %	5.7 %
Total members	1.6 %	0.8 %
Earnings - Basis Pts. *		
Yield on total assets	377	387
Dividend/interest cost of assets	58	69
Fee & other income	131	148
Operating expense	352	352
Loss Provisions	37	38
Net Income (ROA) after stabilization exp	61	76
Capital adequacy		
Net worth / assets	11.0	10.9
Asset quality *		
Delinquencies / loans	0.7	0.9
Net chargeoffs / average loans	0.6	0.6
Total borrower-bankruptcies	11	11
Bankruptcies per 1000 members	1.6	1.7
Asset/Liability Management		
Loans / savings	77.0	74.9
Loans / assets	66.5	64.8
Long-term assets / assets	28.4	27.3
Core deposits/shares & borrowings	46.1	45.0
Productivity		
Members/potential members	4.7	4.6
Borrowers/members	54.8	54.3
Members/FTE	369	374
Average shares/members ($)	7,560	7,290
Average loan balances ($)	10,627	10,051
Salary & Benefits/FTE	54,007	52,431

*** 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.**