The Benefits of Membership

Customized Analysis of Member Benefits For:

Mississippi

March 2014

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Economics and Statistics Department

AMERICA'S CREDIT UNIONS

Mississippi

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 Mississippi credit unions provided $38,079,840 in direct financial benefits to the state's 584,430 members during the twelve months ending March 2014.

These benefits are equivalent to $65 per member or $124 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 Mississippi 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 Mississippi credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Mississippi credit union will save members an average $181 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.

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

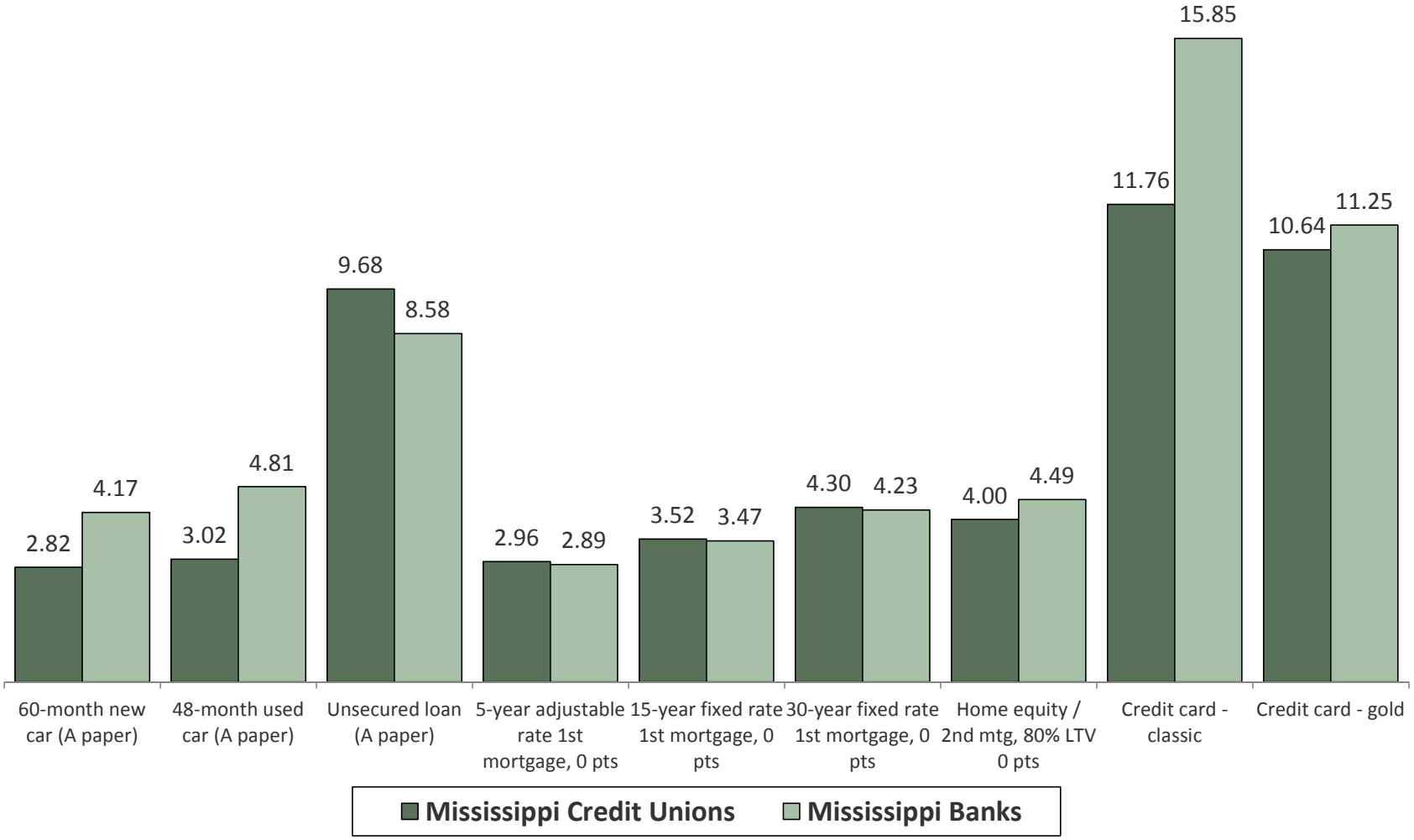
Mississippi credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

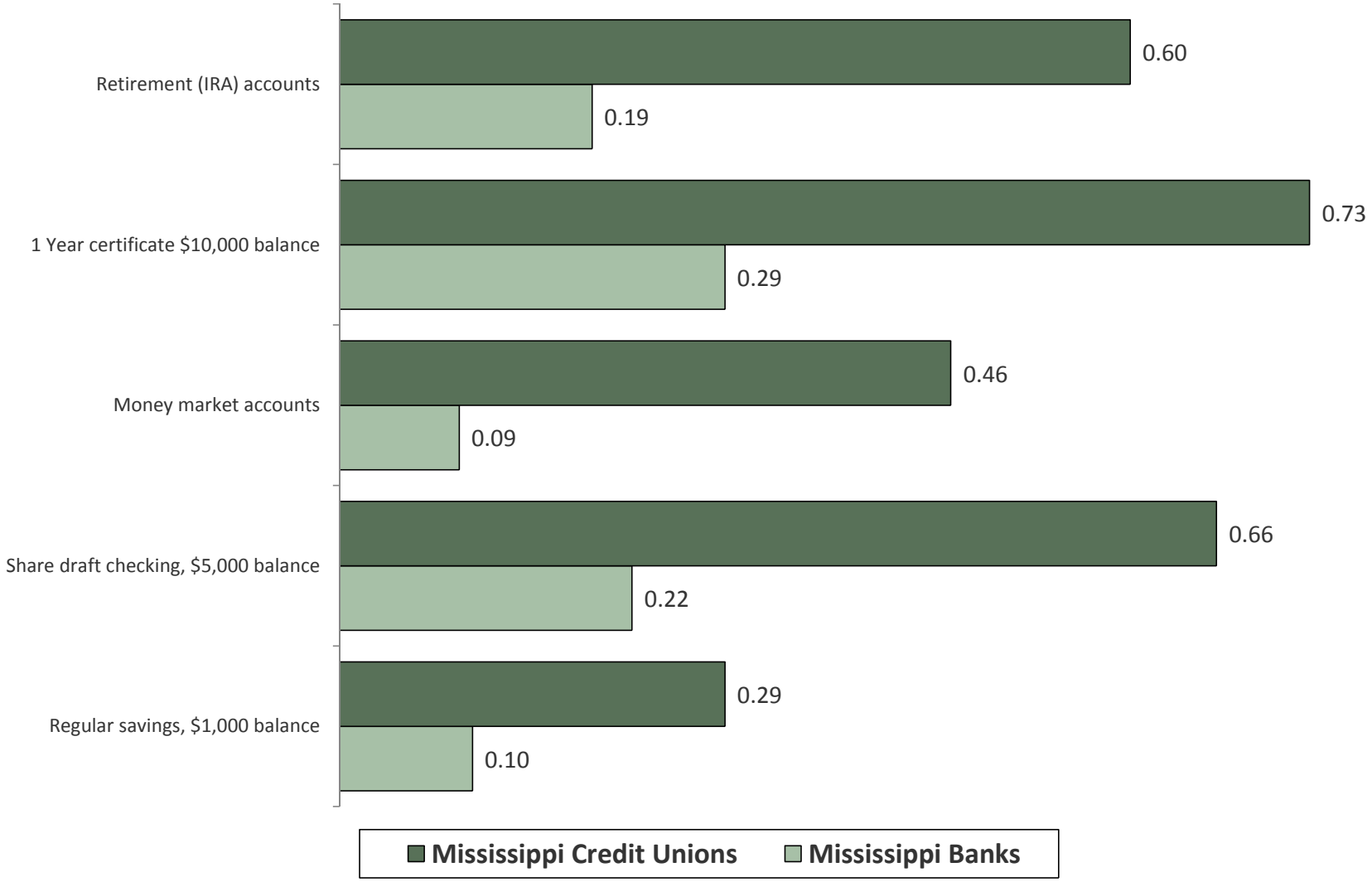
Loan Product Comparative Interest Rates (%)

By Loan Type



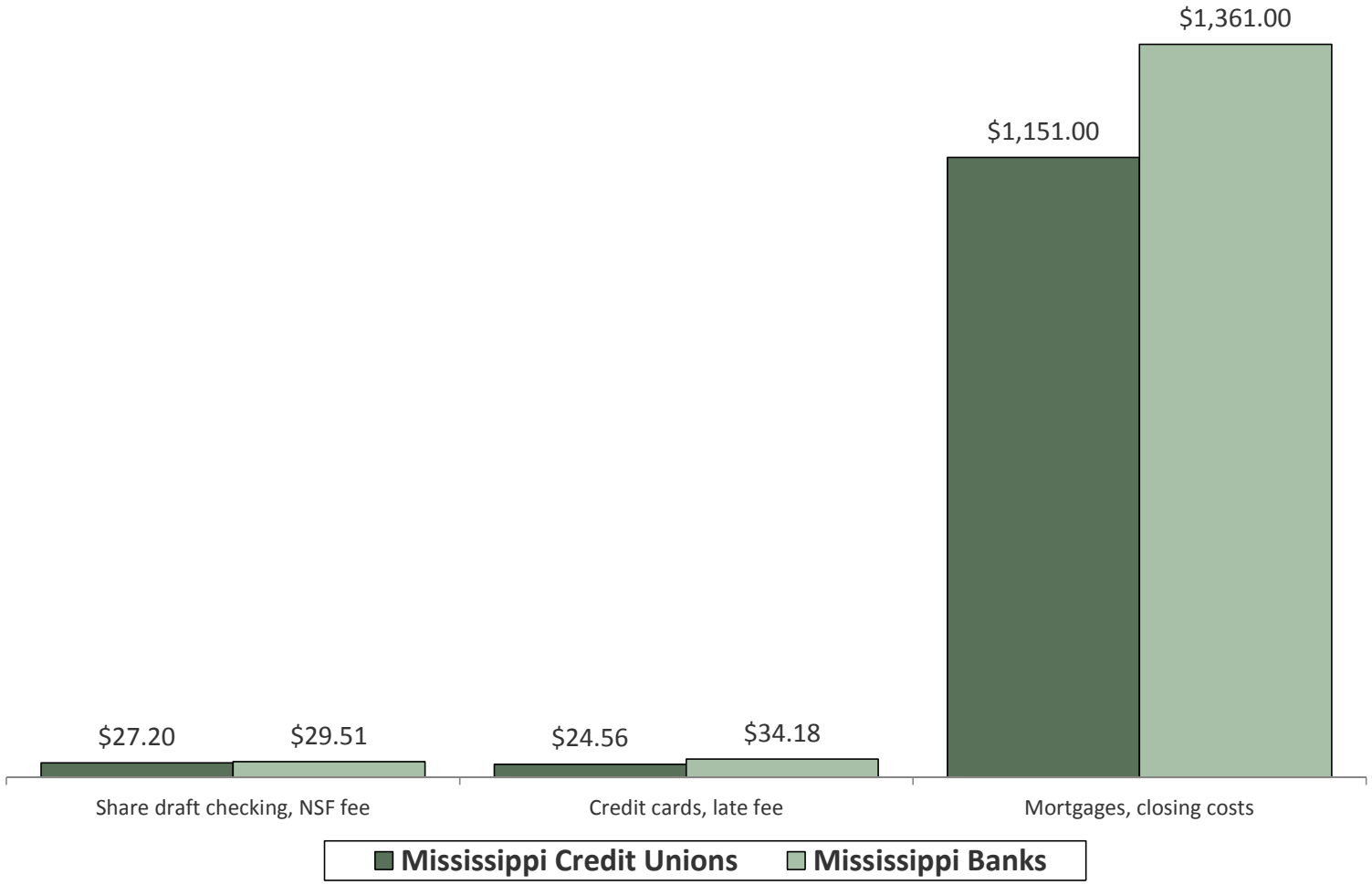
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Mississippi
Credit Union and Banking Instituion
First-Quarter 2014 Average Interest Rates and Fees

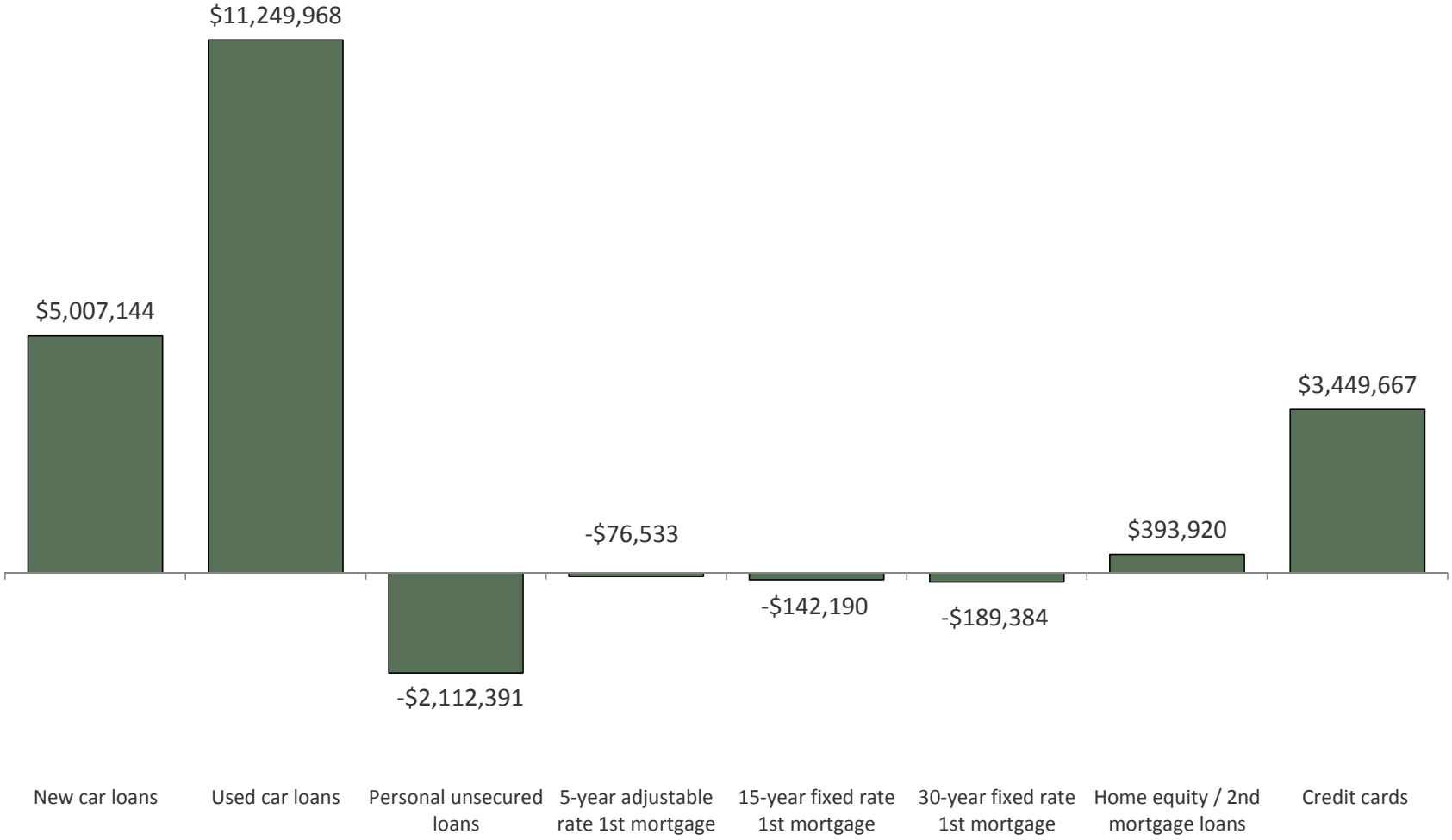
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.82	4.17	-1.35
48-month used car (A paper)	3.02	4.81	-1.79
Unsecured loan (A paper)	9.68	8.58	1.10
5-year adjustable rate 1st mortgage, 0 pts	2.96	2.89	0.07
15-year fixed rate 1st mortgage, 0 pts	3.52	3.47	0.05
30-year fixed rate 1st mortgage, 0 pts	4.30	4.23	0.07
Home equity / 2nd mtg, 80% LTV 0 pts	4.00	4.49	-0.49
Credit card - classic	11.76	15.85	-4.09
Credit card - gold	10.64	11.25	-0.61
Savings Products			
Regular savings, $1,000 balance	0.29	0.10	0.19
Share draft checking, $5,000 balance	0.66	0.22	0.44
Money market accounts	0.46	0.09	0.37
1 Year certificate $10,000 balance	0.73	0.29	0.44
Retirement (IRA) accounts	0.60	0.19	0.41
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

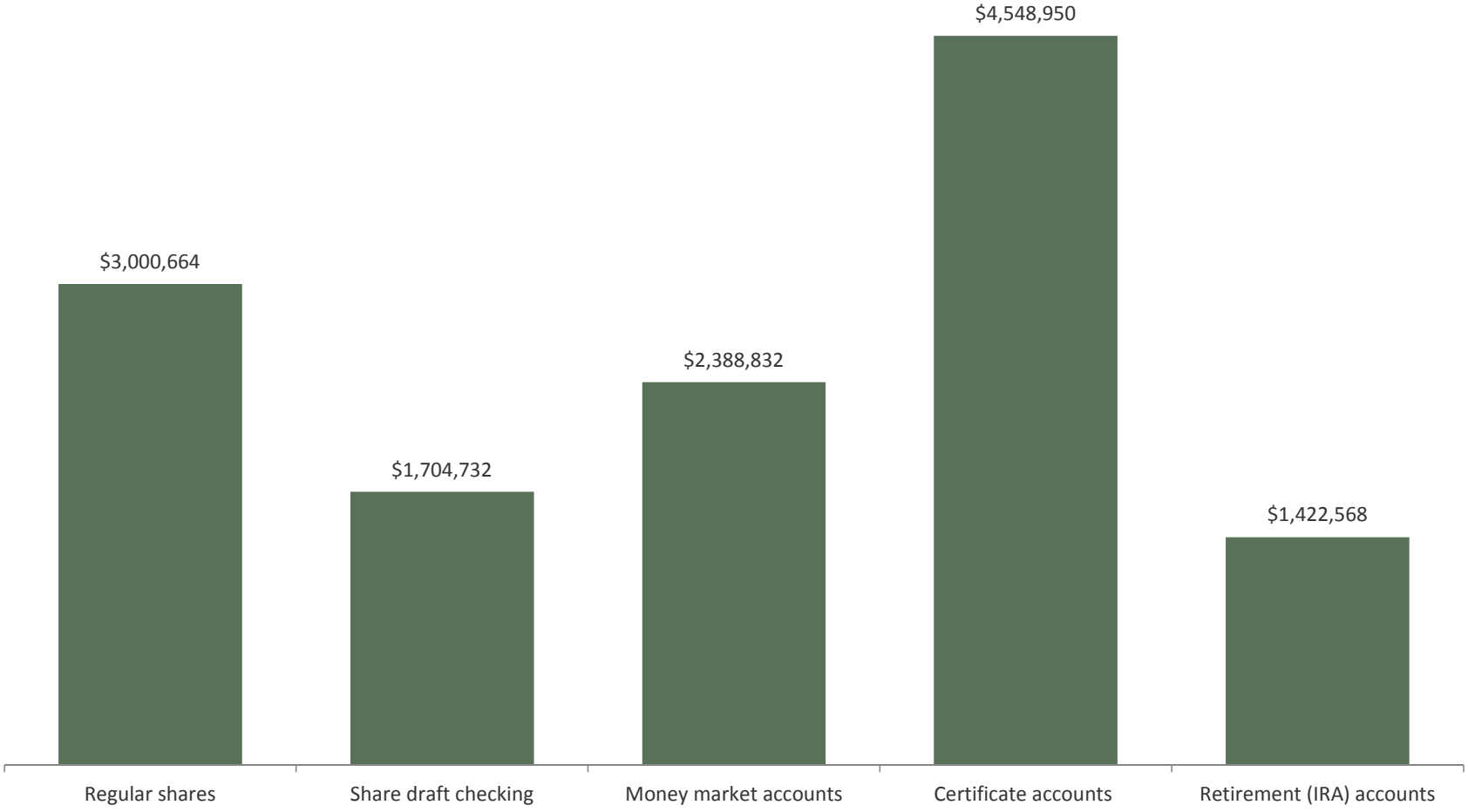
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Mississippi Credit Unions

First-Quarter 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Mississippi Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	370,899,589	-1.35	$5,007,144
Used car loans	628,489,836	-1.79	$11,249,968
Personal unsecured loans	192,035,583	1.10	-$2,112,391
5-year adjustable rate 1st mortgage	109,332,942	0.07	-$76,533
15-year fixed rate 1st mortgage	284,380,555	0.05	-$142,190
30-year fixed rate 1st mortgage	270,548,622	0.07	-$189,384
Home equity / 2nd mortgage loans	80,391,922	-0.49	$393,920
Credit cards	107,132,517	-4.09	$3,449,667
Interest rebates in period			$727
Total CU member benefits arising from lower interest rates on loan products:			$17,580,928
Savings			
Regular shares	1,579,296,579	0.19	$3,000,664
Share draft checking	387,439,118	0.44	$1,704,732
Money market accounts	645,630,183	0.37	$2,388,832
Certificate accounts	1,033,852,224	0.44	$4,548,950
Retirement (IRA) accounts	351,251,275	0.41	$1,422,568
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$13,065,745
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$7,433,167
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$38,079,840
Total CU member benefit / member:			$65
Total CU member benefit / member household:			$124

Source: Datatrac, NCUA, and CUNA

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

Mississippi
Performance Profile

Demographic Information	Mar 14	Mar 13
Number of branches	165	161
Total assets ($ mil)	4,784	4,637
Total loans ($ mil)	2,302	2,183
Total surplus funds ($ mil)	2,307	2,256
Total savings ($ mil)	4,113	3,984
Total members (thousands)	587	583
Growth Rates (Trailing 12 months) *		
Total assets	3.3 %	6.2 %
Total loans	5.6 %	7.5 %
Total surplus funds	2.4 %	3.5 %
Total savings	3.3 %	5.5 %
Total members	0.9 %	4.1 %
Earnings - Basis Pts. *		
Yield on total assets	345	341
Dividend/interest cost of assets	56	61
Fee & other income	163	161
Operating expense	337	328
Loss Provisions	35	25
Net Income (ROA) after stabilization exp	79	88
Capital adequacy		
Net worth / assets	13.0	12.6
Asset quality *		
Delinquencies / loans	1.2	1.2
Net chargeoffs / average loans	0.7	0.6
Total borrower-bankruptcies	5	6
Bankruptcies per 1000 members	0.7	0.9
Asset/Liability Management		
Loans / savings	56.0	54.8
Loans / assets	48.1	47.1
Long-term assets / assets	33.1	34.1
Core deposits/shares & borrowings	48.4	48.3
Productivity		
Members/potential members	16.6	16.6
Borrowers/members	44.2	42.4
Members/FTE	414	420
Average shares/members ($)	7,007	6,829
Average loan balances ($)	8,880	8,828
Salary & Benefits/FTE	52,886	51,399

*** 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.**