# *The Benefits of Membership*

*Customized Analysis of Member Benefits For:*

## Nebraska

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AMERICA'S CREDIT UNIONS™

# Nebraska

## 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 Nebraska credit unions provided $31,071,380 in direct financial benefits to the state's 453,464 members during the twelve months ending March 2014.

**These benefits are equivalent to $69 per member or $130 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 Nebraska 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 Nebraska credit unions.

Consider this:

**Financing a $25,000 new automobile for 60 months at a Nebraska credit union will save members an average $254 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.

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

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

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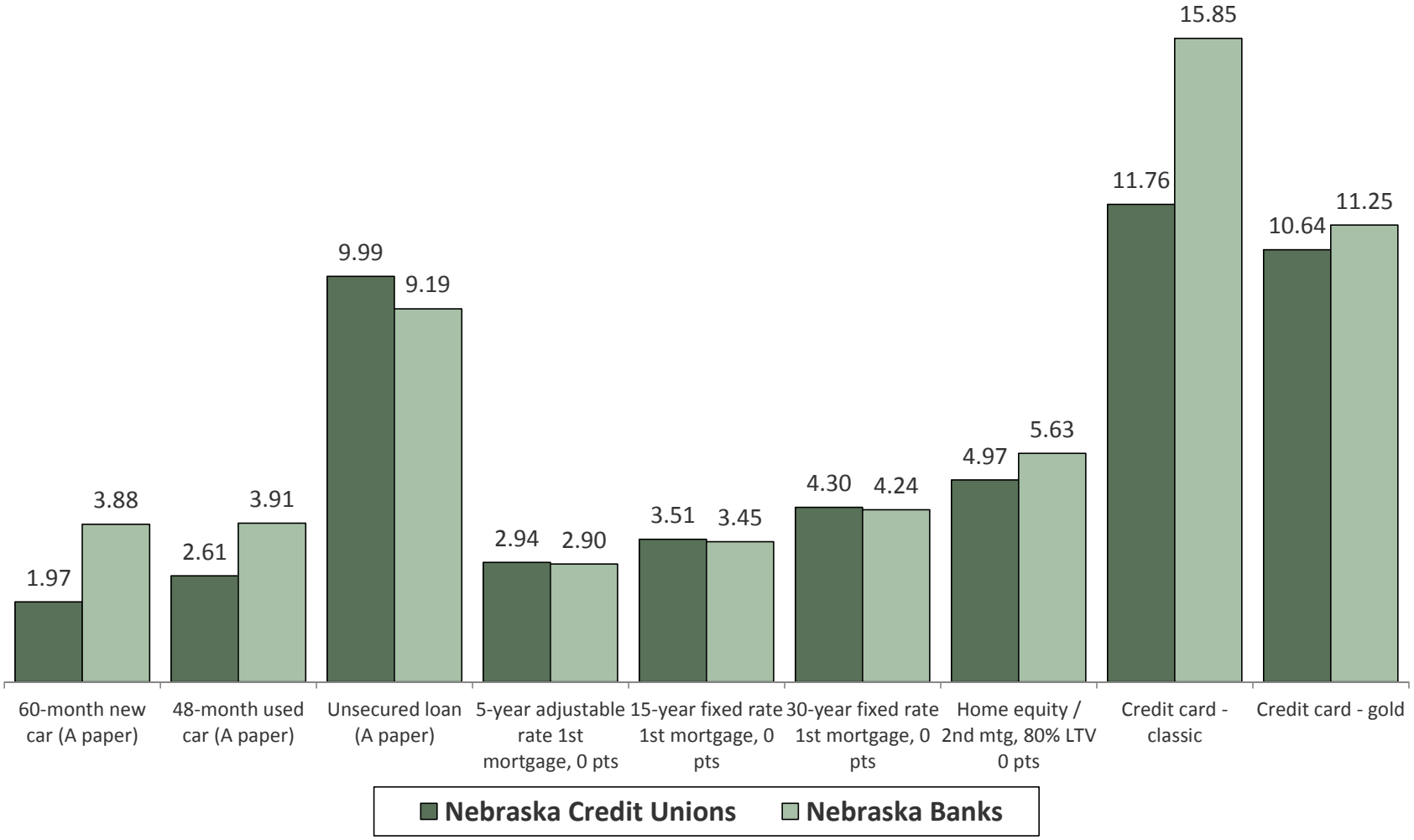
Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

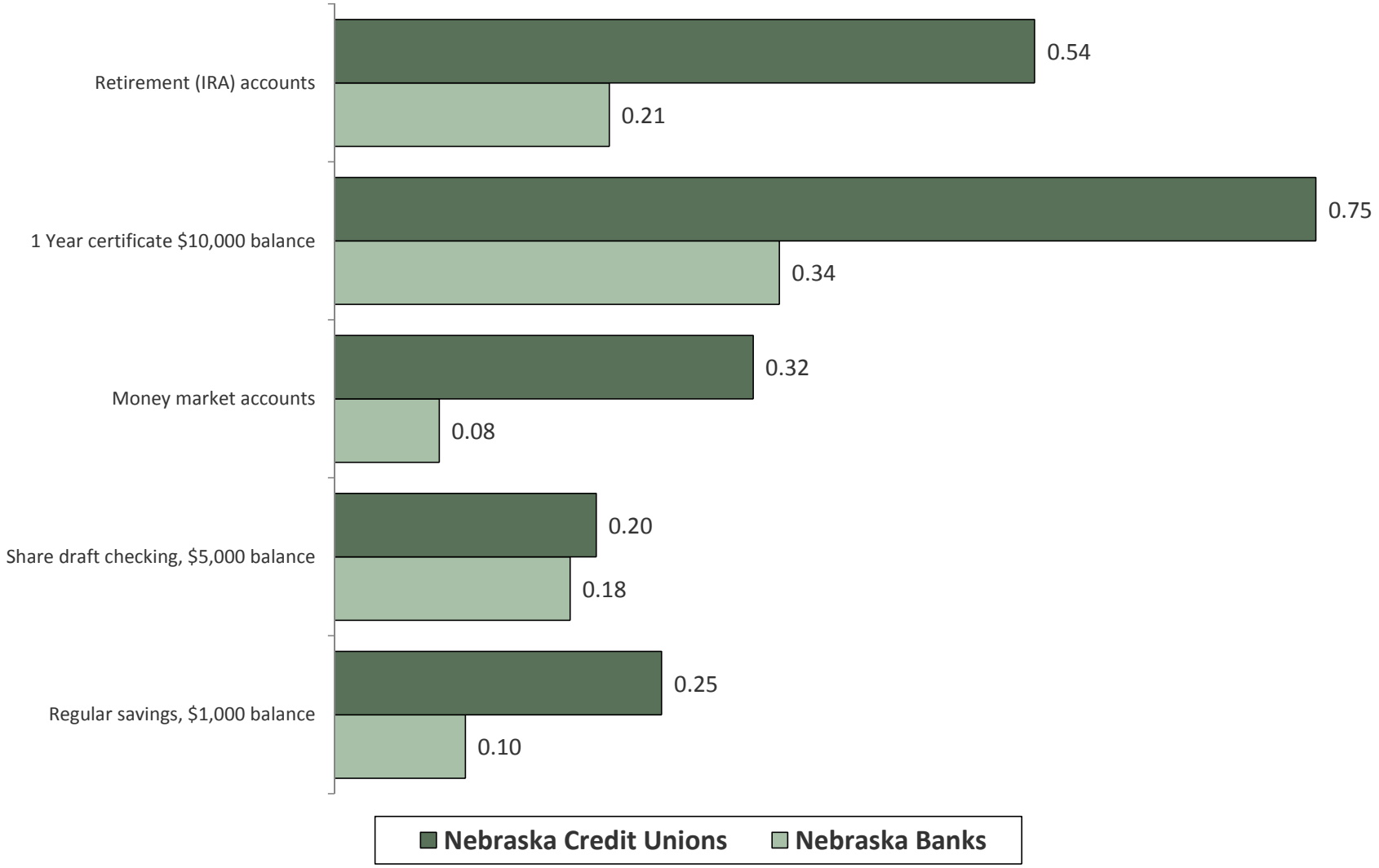
# Loan Product Comparative Interest Rates (%)

## By Loan Type



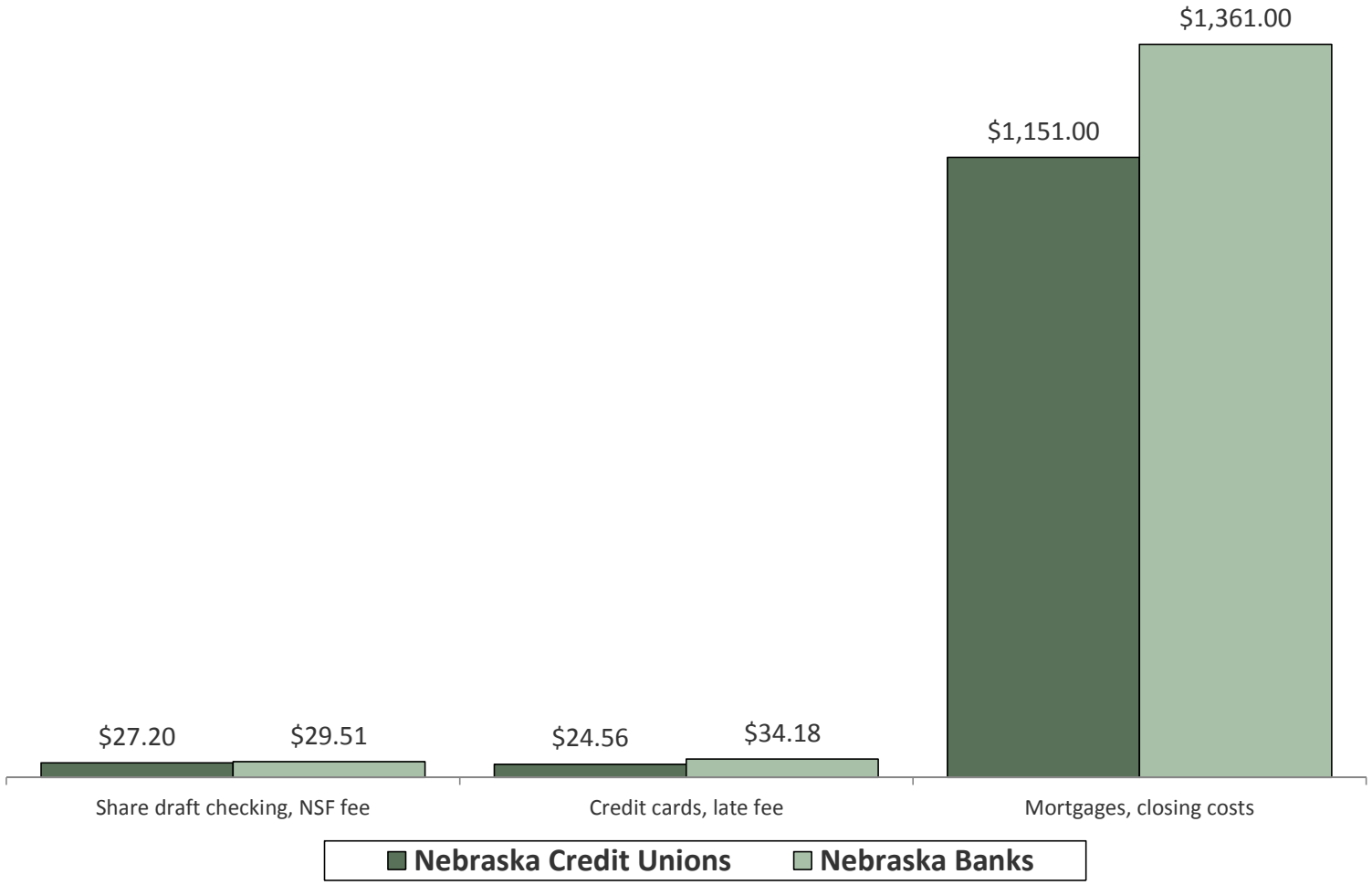
# Savings Products Comparative Interest Rates(%)

## By Savings Account Type



# Comparative Fees

## By Type



## *Nebraska*

## *Credit Union and Banking Instituion*

## *First-Quarter 2014 Average Interest Rates and Fees*

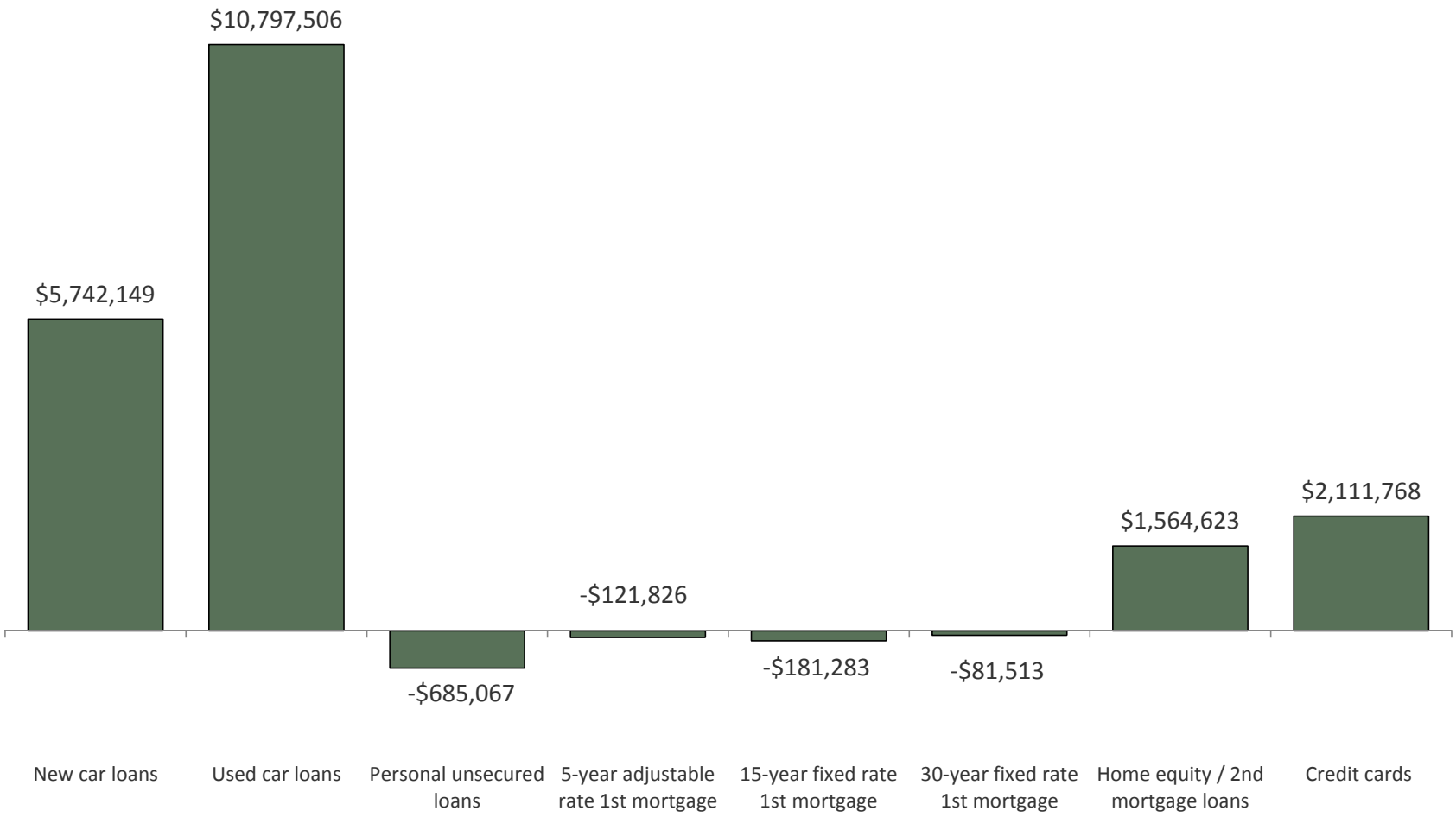
| ***Loan Products*** | ***Average Rate at Credit Unions (%)*** | ***Average Rate at Banks (%)*** | ***Rate Difference vs. Banks (%)*** |
|---|---|---|---|
| 60-month new car (A paper) | 1.97 | 3.88 | -1.91 |
| 48-month used car (A paper) | 2.61 | 3.91 | -1.30 |
| Unsecured loan (A paper) | 9.99 | 9.19 | 0.80 |
| 5-year adjustable rate 1st mortgage, 0 pts | 2.94 | 2.90 | 0.04 |
| 15-year fixed rate 1st mortgage, 0 pts | 3.51 | 3.45 | 0.06 |
| 30-year fixed rate 1st mortgage, 0 pts | 4.30 | 4.24 | 0.06 |
| Home equity / 2nd mtg, 80% LTV 0 pts | 4.97 | 5.63 | -0.66 |
| 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 | 0.25 | 0.10 | 0.15 |
| Share draft checking, $5,000 balance | 0.20 | 0.18 | 0.02 |
| Money market accounts | 0.32 | 0.08 | 0.24 |
| 1 Year certificate $10,000 balance | 0.75 | 0.34 | 0.41 |
| Retirement (IRA) accounts | 0.54 | 0.21 | 0.33 |
| | | | |
| ***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

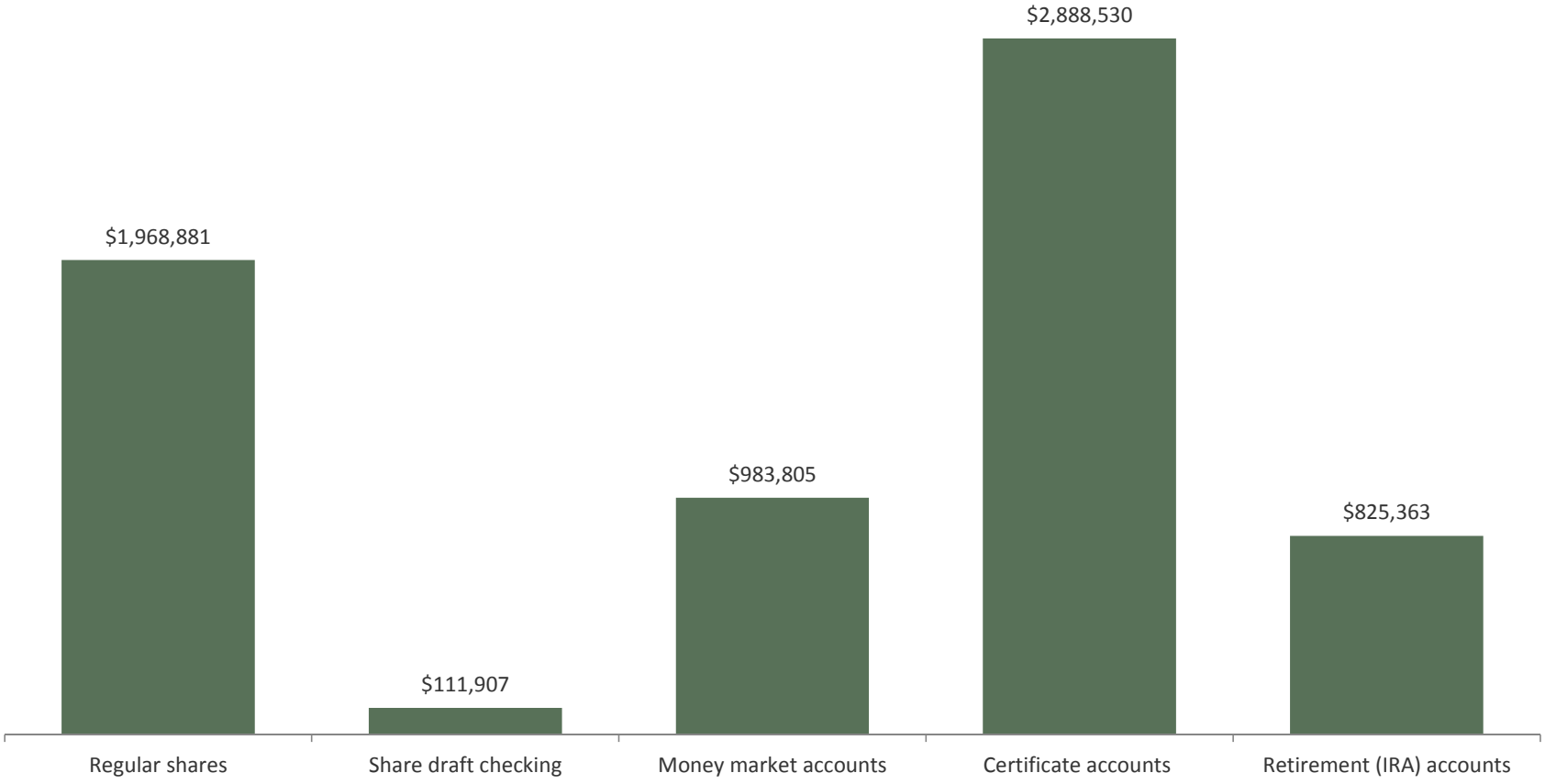
### by Loan Type



# State Credit Unions' Total Savings Dividend Benefits

## Compared to State Banking Institutions

### by Account Type



# *Estimated Financial Benefits for Nebraska Credit Unions*

## *First-Quarter 2014*

| ***Loans*** | Avg. Balance at Credit Unions (1) | Rate Difference vs. Nebraska Banks (%) (2) | Total Financial Benefit to Your Members |
|---|---|---|---|
| New car loans | 300,636,052 | -1.91 | $5,742,149 |
| Used car loans | 830,577,391 | -1.30 | $10,797,506 |
| Personal unsecured loans | 85,633,366 | 0.80 | -$685,067 |
| 5-year adjustable rate 1st mortgage | 304,565,985 | 0.04 | -$121,826 |
| 15-year fixed rate 1st mortgage | 302,139,014 | 0.06 | -$181,283 |
| 30-year fixed rate 1st mortgage | 135,855,785 | 0.06 | -$81,513 |
| Home equity / 2nd mortgage loans | 237,064,022 | -0.66 | $1,564,623 |
| Credit cards | 65,582,867 | -4.09 | $2,111,768 |
| Interest rebates in period | | | $53,281 |
| **Total CU member benefits arising from lower interest rates on loan products:** | | | $19,199,636 |
| ***Savings*** | | | |
| Regular shares | 1,312,587,056 | 0.15 | $1,968,881 |
| Share draft checking | 559,535,250 | 0.02 | $111,907 |
| Money market accounts | 409,918,910 | 0.24 | $983,805 |
| Certificate accounts | 704,519,543 | 0.41 | $2,888,530 |
| Retirement (IRA) accounts | 253,957,899 | 0.33 | $825,363 |
| Bonus dividends in period | | | $0 |
| **Total CU member benefit arising from higher interest rates on saving products:** | | | $6,778,486 |
| ***Fee Income*** | | | |
| **Total CU member benefit arising from fewer/lower fees:** | | | $5,093,257 |
| **Total CU member benefit arising from interest rates on loan and savings products and lower fees:** | | | $31,071,380 |
| **Total CU member benefit / member:** | | | $69 |
| **Total CU member benefit / member household:** | | | $130 |

**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;

## Nebraska
## Performance Profile

| Demographic Information | Mar 14 | Mar 13 |
|---|---|---|
| Number of branches | 145 | 143 |
| Total assets ($ mil) | 3,860 | 3,759 |
| Total loans ($ mil) | 2,479 | 2,307 |
| Total surplus funds ($ mil) | 1,188 | 1,284 |
| Total savings ($ mil) | 3,310 | 3,231 |
| Total members (thousands) | 460 | 447 |
| **Growth Rates (Trailing 12 months) *** | | |
| Total assets | 2.7 % | 5.4 % |
| Total loans | 7.4 % | 5.0 % |
| Total surplus funds | -7.5 % | 4.7 % |
| Total savings | 2.4 % | 4.9 % |
| Total members | 2.9 % | 1.7 % |
| **Earnings - Basis Pts. *** | | |
| Yield on total assets | 347 | 355 |
| Dividend/interest cost of assets | 45 | 55 |
| Fee & other income | 141 | 154 |
| Operating expense | 374 | 381 |
| Loss Provisions | 27 | 23 |
| Net Income (ROA) after stabilization exp | 41 | 50 |
| **Capital adequacy** | | |
| Net worth / assets | 10.5 | 10.3 |
| **Asset quality *** | | |
| Delinquencies / loans | 0.7 | 0.8 |
| Net chargeoffs / average loans | 0.4 | 0.4 |
| Total borrower-bankruptcies | 5 | 4 |
| Bankruptcies per 1000 members | 0.8 | 0.7 |
| **Asset/Liability Management** | | |
| Loans / savings | 74.9 | 71.4 |
| Loans / assets | 64.2 | 61.4 |
| Long-term assets / assets | 29.5 | 26.0 |
| Core deposits/shares & borrowings | 56.1 | 55.1 |
| **Productivity** | | |
| Members/potential members | 5.2 | 5.8 |
| Borrowers/members | 47.8 | 46.6 |
| Members/FTE | 355 | 349 |
| Average shares/members ($) | 7,197 | 7,230 |
| Average loan balances ($) | 11,261 | 11,066 |
| Salary & Benefits/FTE | 57,287 | 57,835 |

*** 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.**