The Benefits of Membership

Customized Analysis of Member Benefits For:

Oklahoma

March 2014

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Economics and Statistics Department

AMERICA'S CREDIT UNIONS

Oklahoma

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 Oklahoma credit unions provided $82,181,835 in direct financial benefits to the state's 1,126,694 members during the twelve months ending March 2014.

These benefits are equivalent to $73 per member or $139 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 Oklahoma 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 Oklahoma credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Oklahoma credit union will save members an average $112 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.

Oklahoma credit unions excel in providing member benefits on many loan and saving products. In particular, Oklahoma credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, home equity loans, credit cards loans.

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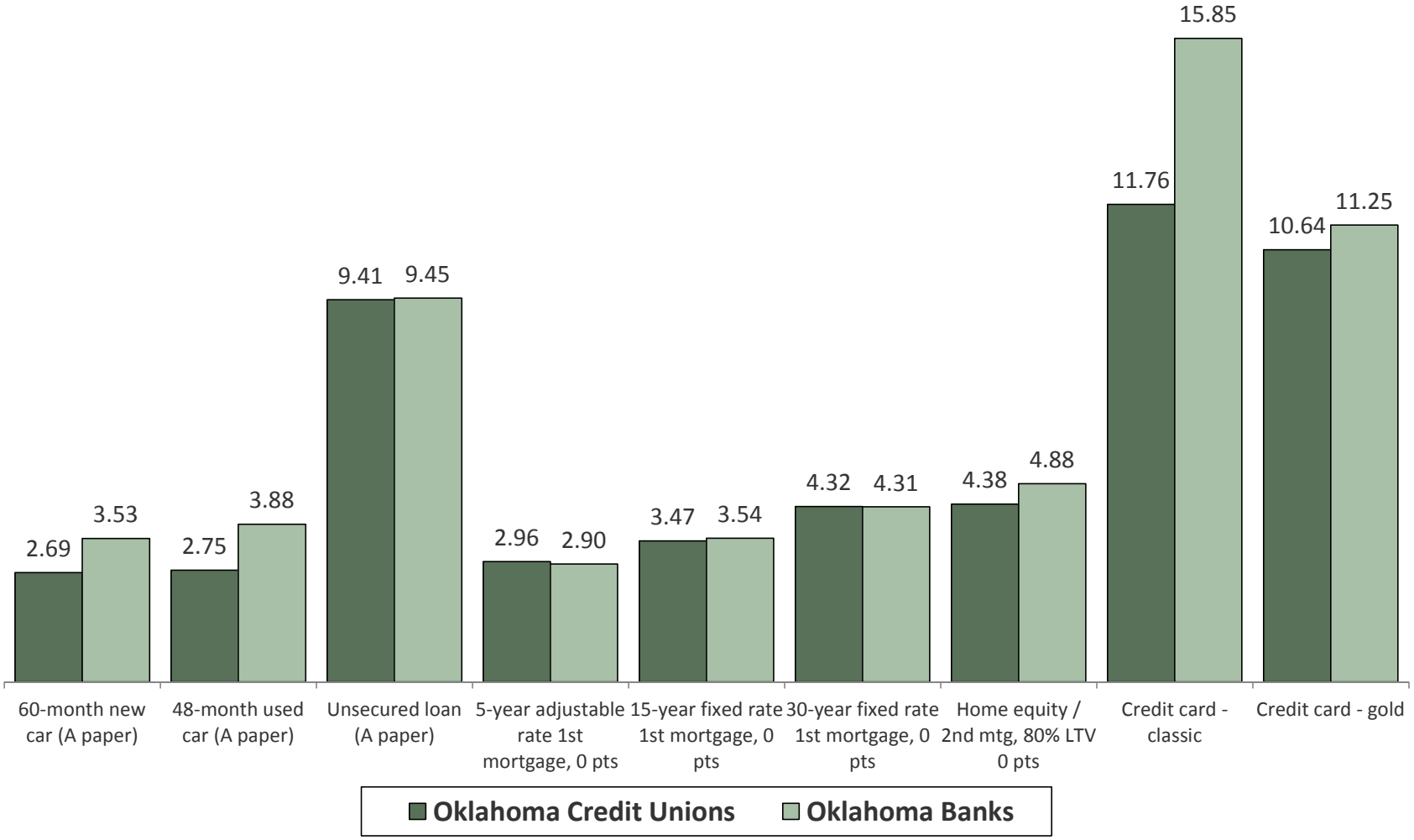
Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

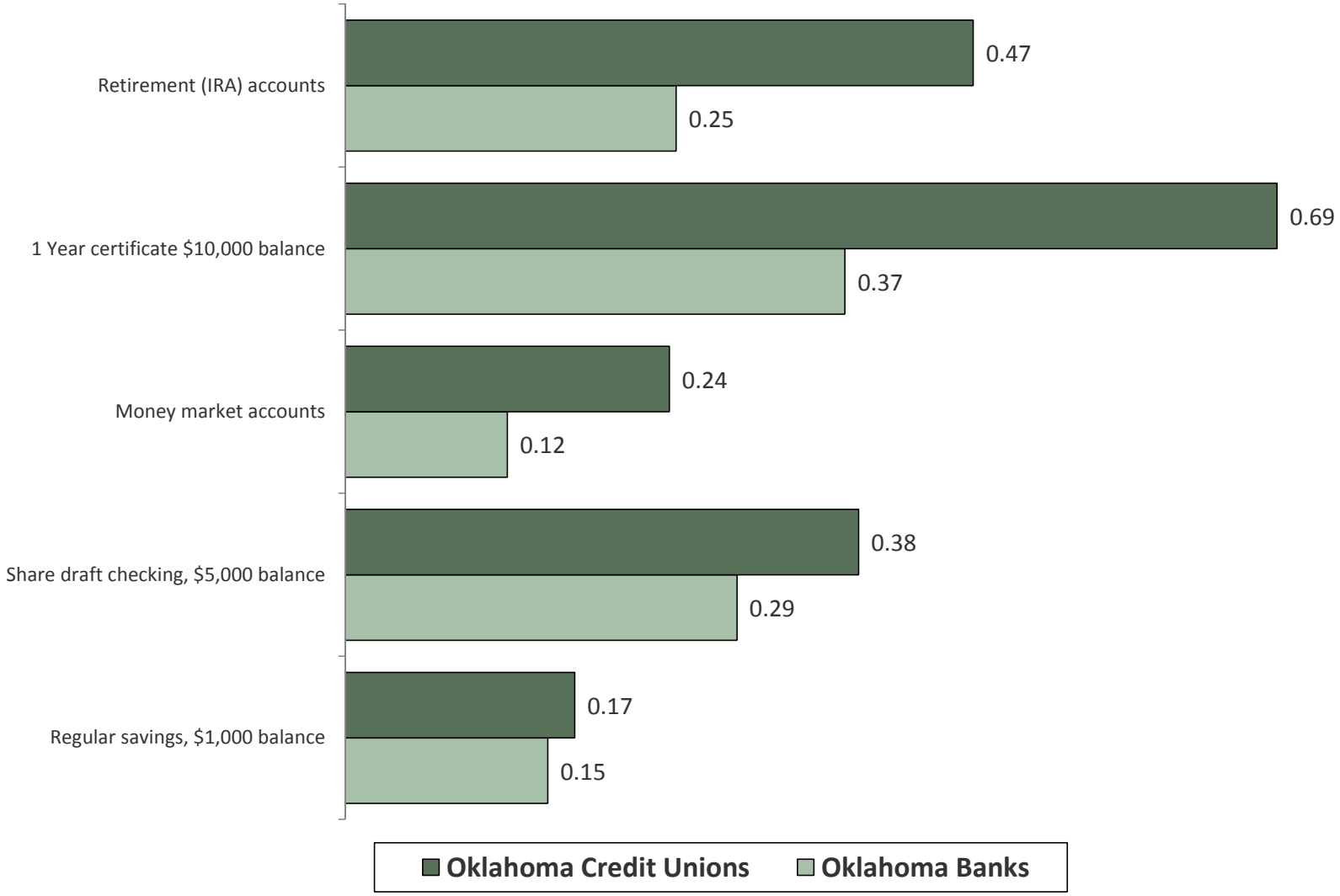
Loan Product Comparative Interest Rates (%)

By Loan Type



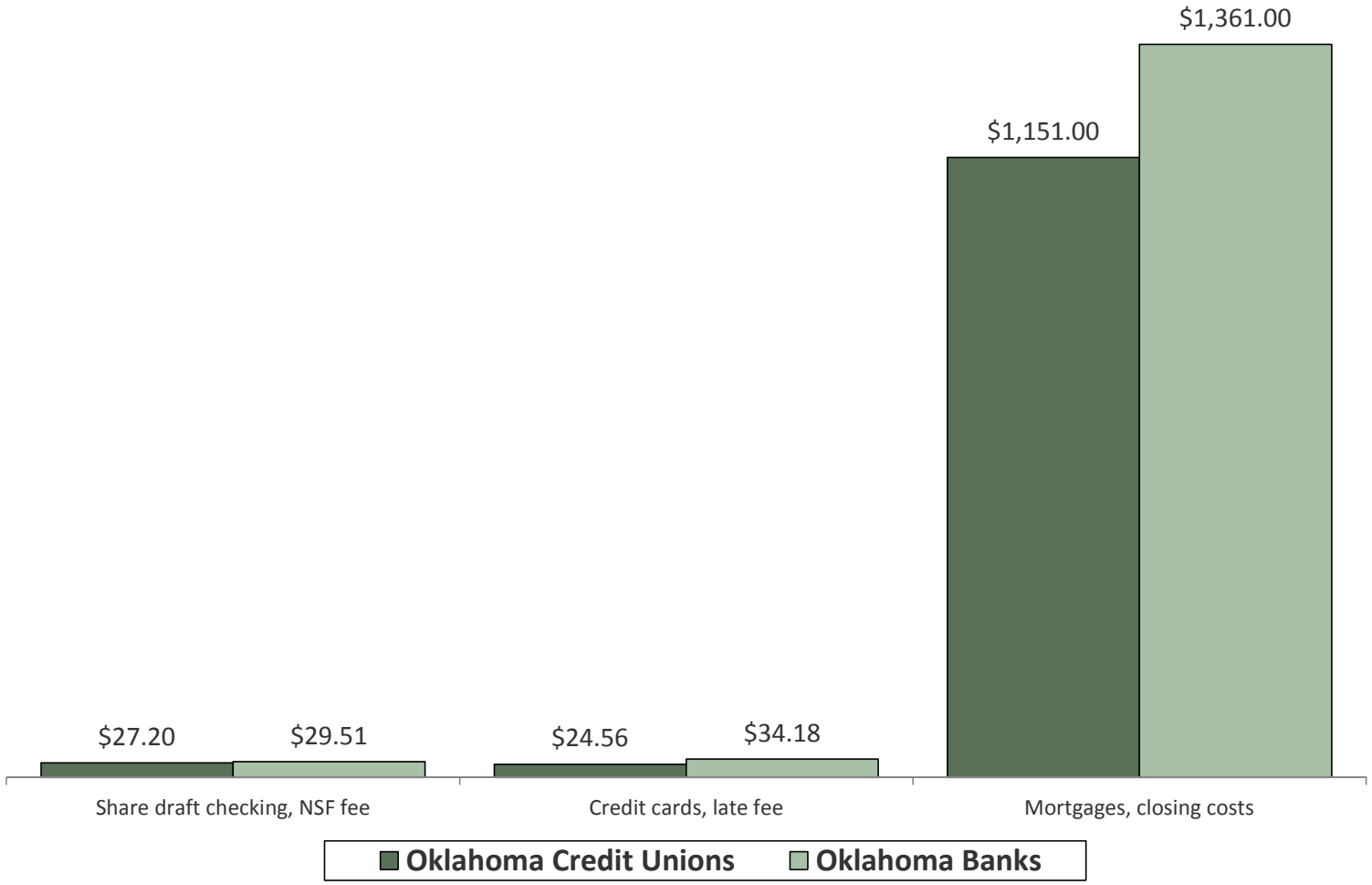
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Oklahoma

Credit Union and Banking Instituion

First-Quarter 2014 Average Interest Rates and Fees

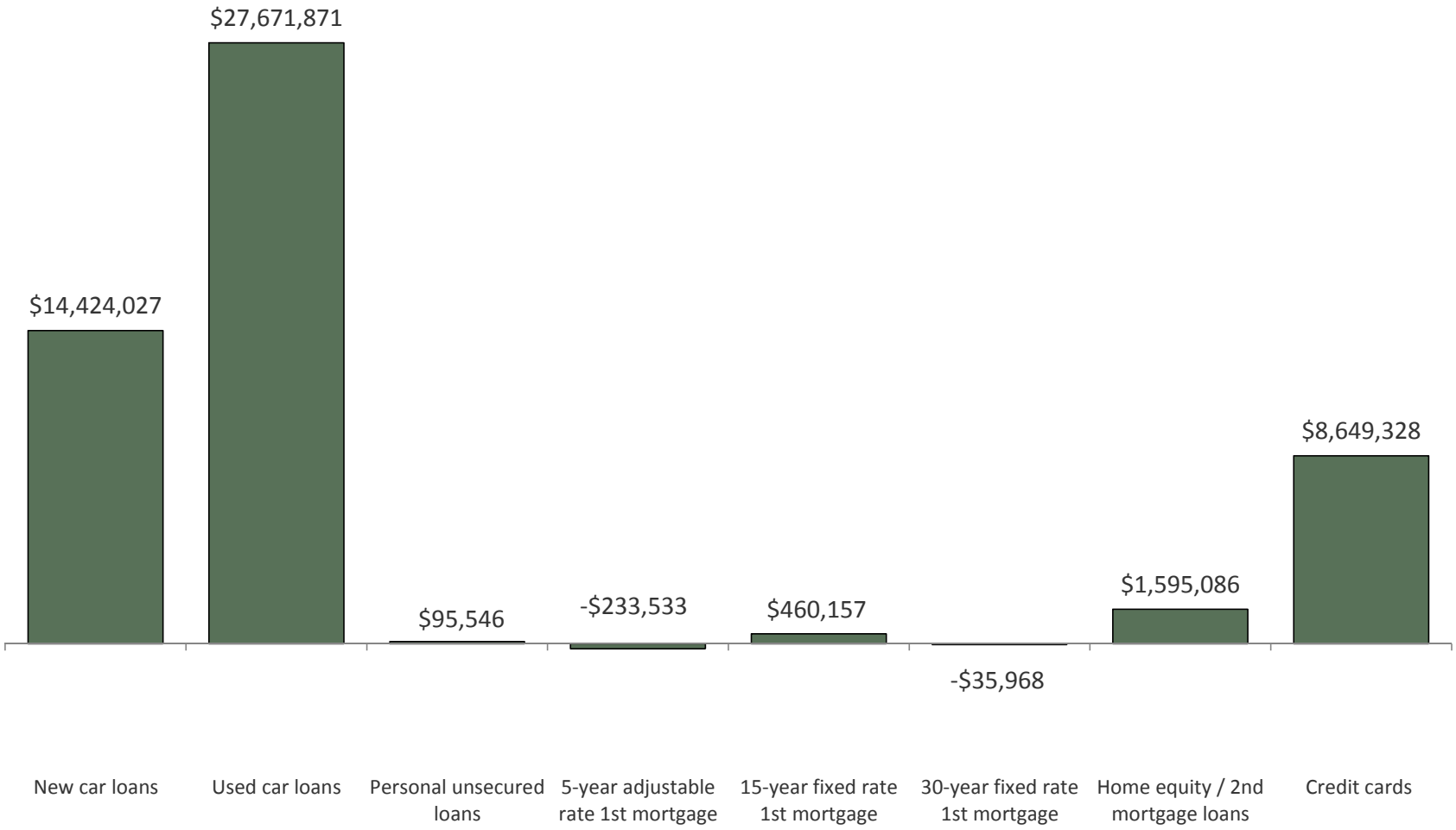
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.69	3.53	-0.84
48-month used car (A paper)	2.75	3.88	-1.13
Unsecured loan (A paper)	9.41	9.45	-0.04
5-year adjustable rate 1st mortgage, 0 pts	2.96	2.90	0.06
15-year fixed rate 1st mortgage, 0 pts	3.47	3.54	-0.07
30-year fixed rate 1st mortgage, 0 pts	4.32	4.31	0.01
Home equity / 2nd mtg, 80% LTV 0 pts	4.38	4.88	-0.50
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	0.17	0.15	0.02
Share draft checking, $5,000 balance	0.38	0.29	0.09
Money market accounts	0.24	0.12	0.12
1 Year certificate $10,000 balance	0.69	0.37	0.32
Retirement (IRA) accounts	0.47	0.25	0.22
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

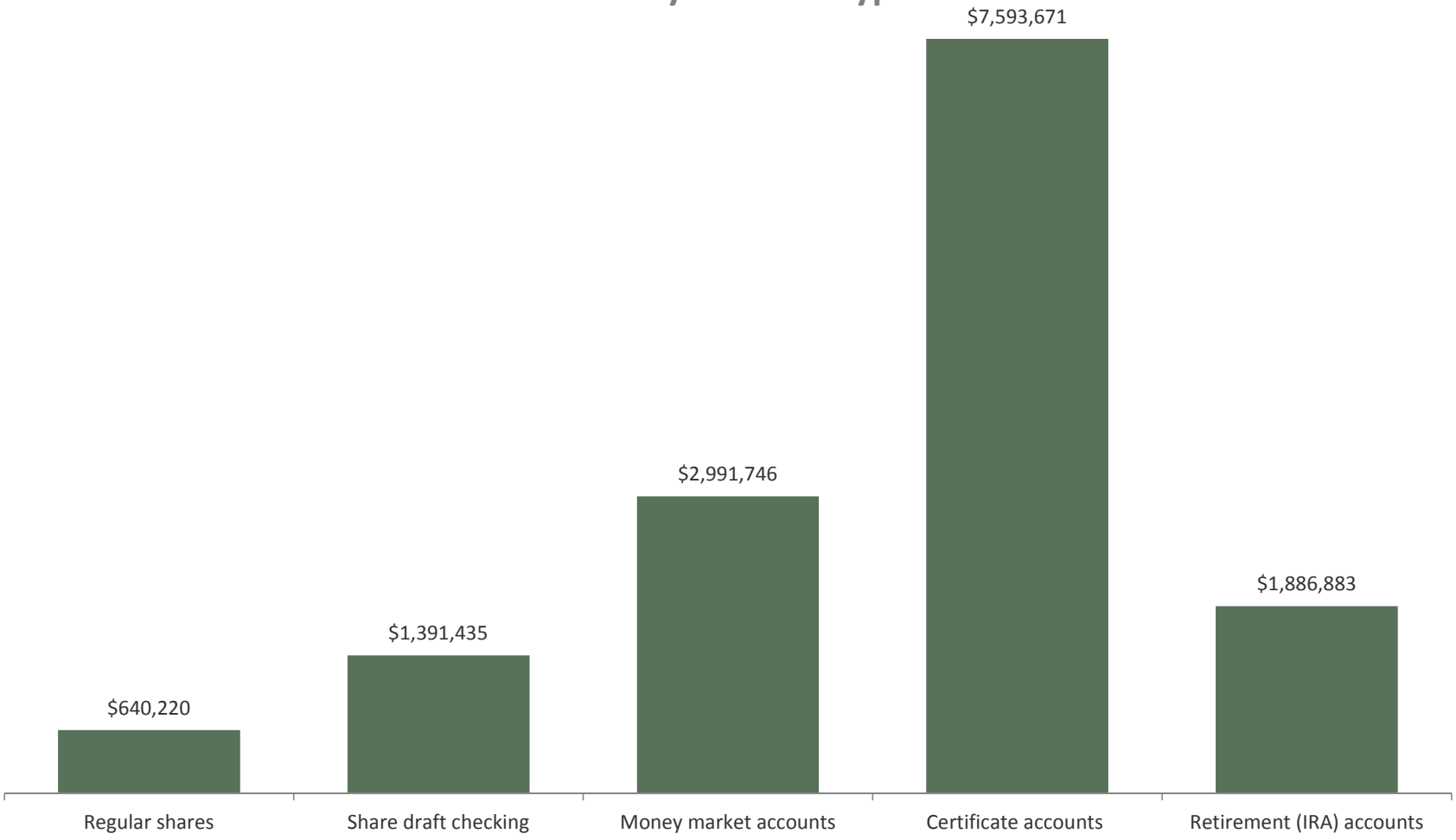
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Oklahoma Credit Unions

First-Quarter 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Oklahoma Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,717,146,049	-0.84	$14,424,027
Used car loans	2,448,838,185	-1.13	$27,671,871
Personal unsecured loans	238,865,744	-0.04	$95,546
5-year adjustable rate 1st mortgage	389,221,999	0.06	-$233,533
15-year fixed rate 1st mortgage	657,366,812	-0.07	$460,157
30-year fixed rate 1st mortgage	359,675,798	0.01	-$35,968
Home equity / 2nd mortgage loans	319,017,278	-0.50	$1,595,086
Credit cards	268,612,657	-4.09	$8,649,328
Interest rebates in period			$69,724
Total CU member benefits arising from lower interest rates on loan products:			$52,696,239
Savings			
Regular shares	3,201,100,563	0.02	$640,220
Share draft checking	1,546,039,292	0.09	$1,391,435
Money market accounts	2,493,121,311	0.12	$2,991,746
Certificate accounts	2,373,022,160	0.32	$7,593,671
Retirement (IRA) accounts	857,673,959	0.22	$1,886,883
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$14,503,955
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$14,981,642
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$82,181,835
Total CU member benefit / member:			$73
Total CU member benefit / member household:			$139

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;

Oklahoma
Performance Profile

Demographic Information	Mar 14	Mar 13
Number of branches	241	244
Total assets ($ mil)	12,500	11,915
Total loans ($ mil)	7,281	6,562
Total surplus funds ($ mil)	4,772	4,932
Total savings ($ mil)	10,781	10,289
Total members (thousands)	1,152	1,108
Growth Rates (Trailing 12 months) *		
Total assets	5.3 %	7.1 %
Total loans	11.1 %	12.3 %
Total surplus funds	-2.6 %	0.8 %
Total savings	5.2 %	7.3 %
Total members	4.5 %	4.4 %
Earnings - Basis Pts. *		
Yield on total assets	335	323
Dividend/interest cost of assets	55	68
Fee & other income	115	127
Operating expense	286	297
Loss Provisions	46	29
Net Income (ROA) after stabilization exp	63	56
Capital adequacy		
Net worth / assets	10.2	10.1
Asset quality *		
Delinquencies / loans	0.9	1.2
Net chargeoffs / average loans	0.8	0.6
Total borrower-bankruptcies	15	12
Bankruptcies per 1000 members	0.8	0.8
Asset/Liability Management		
Loans / savings	67.5	63.8
Loans / assets	58.2	55.1
Long-term assets / assets	27.1	26.5
Core deposits/shares & borrowings	45.2	43.8
Productivity		
Members/potential members	14.7	14.0
Borrowers/members	53.1	50.9
Members/FTE	383	375
Average shares/members ($)	9,362	9,286
Average loan balances ($)	11,918	11,640
Salary & Benefits/FTE	60,585	59,349

*** 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.**