The Benefits of Membership

Customized Analysis of Member Benefits For:

Texas

June 2014

Prepared by:

Credit Union National Association
Economics and Statistics Department

Texas

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 Texas credit unions provided $741,460,529 in direct financial benefits to the state's 8,075,715 members during the twelve months ending June 2014.

These benefits are equivalent to $92 per member or $174 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 Texas 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 Texas credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Texas credit union will save members an average $179 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.

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

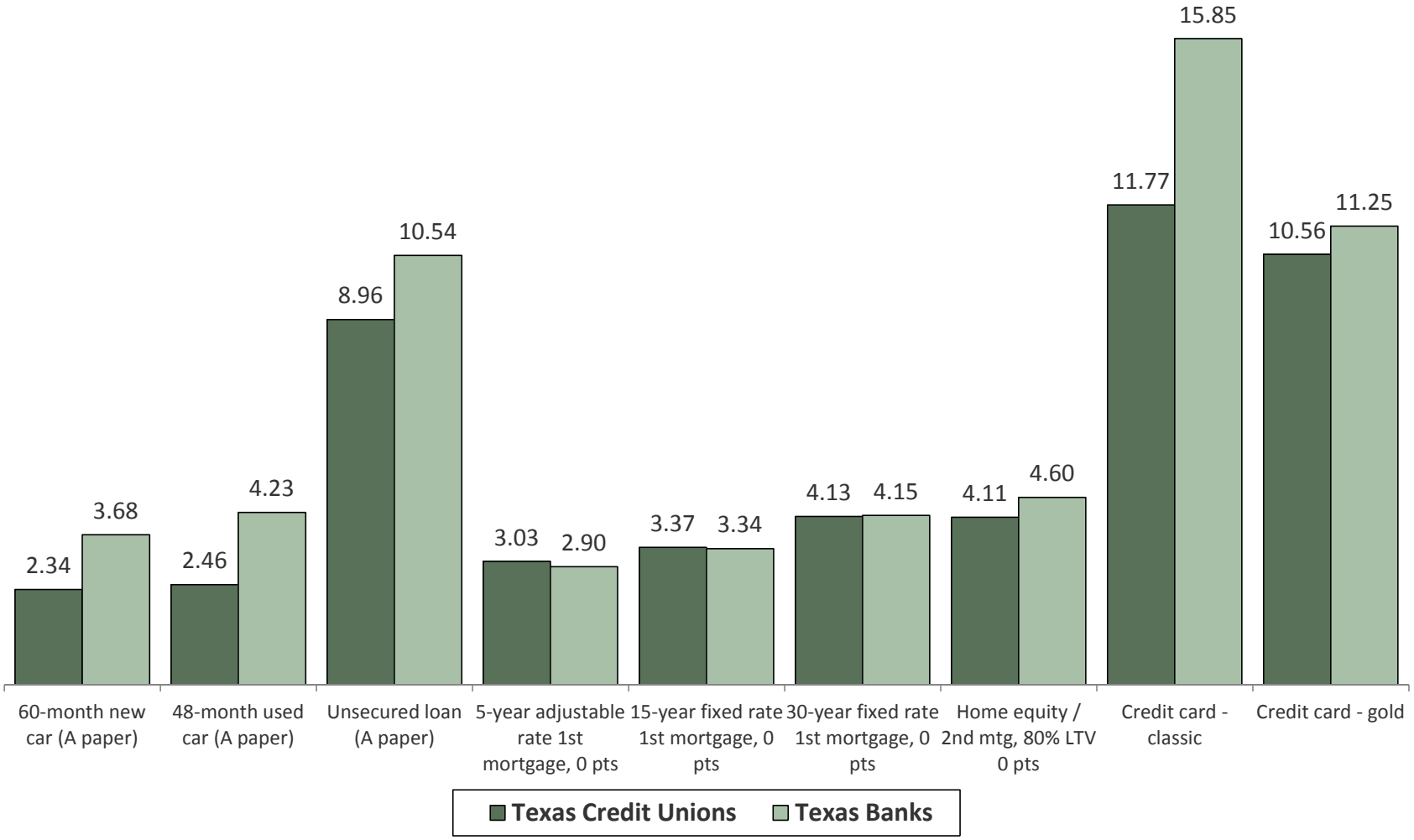
Texas credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

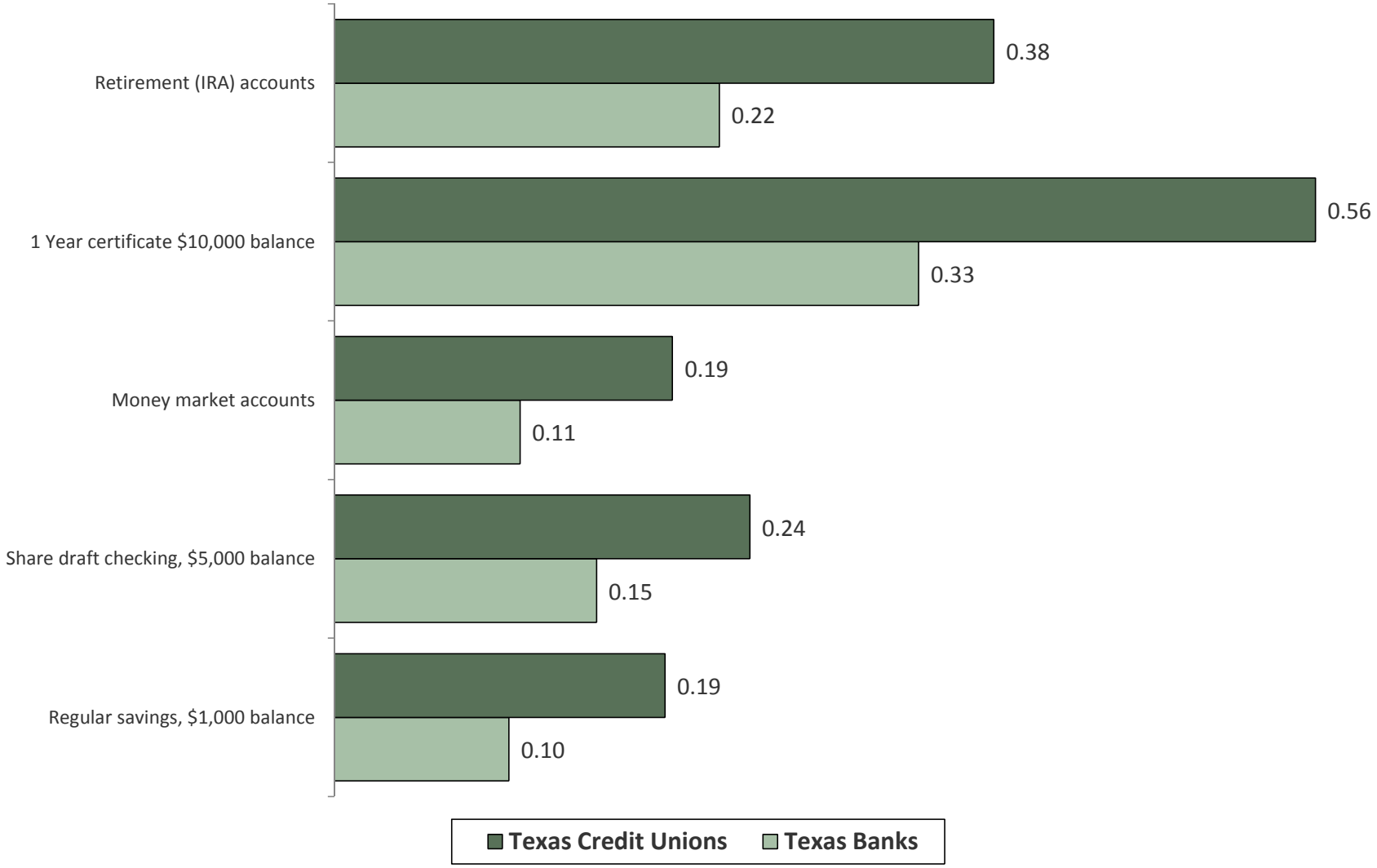
Loan Product Comparative Interest Rates (%)

By Loan Type



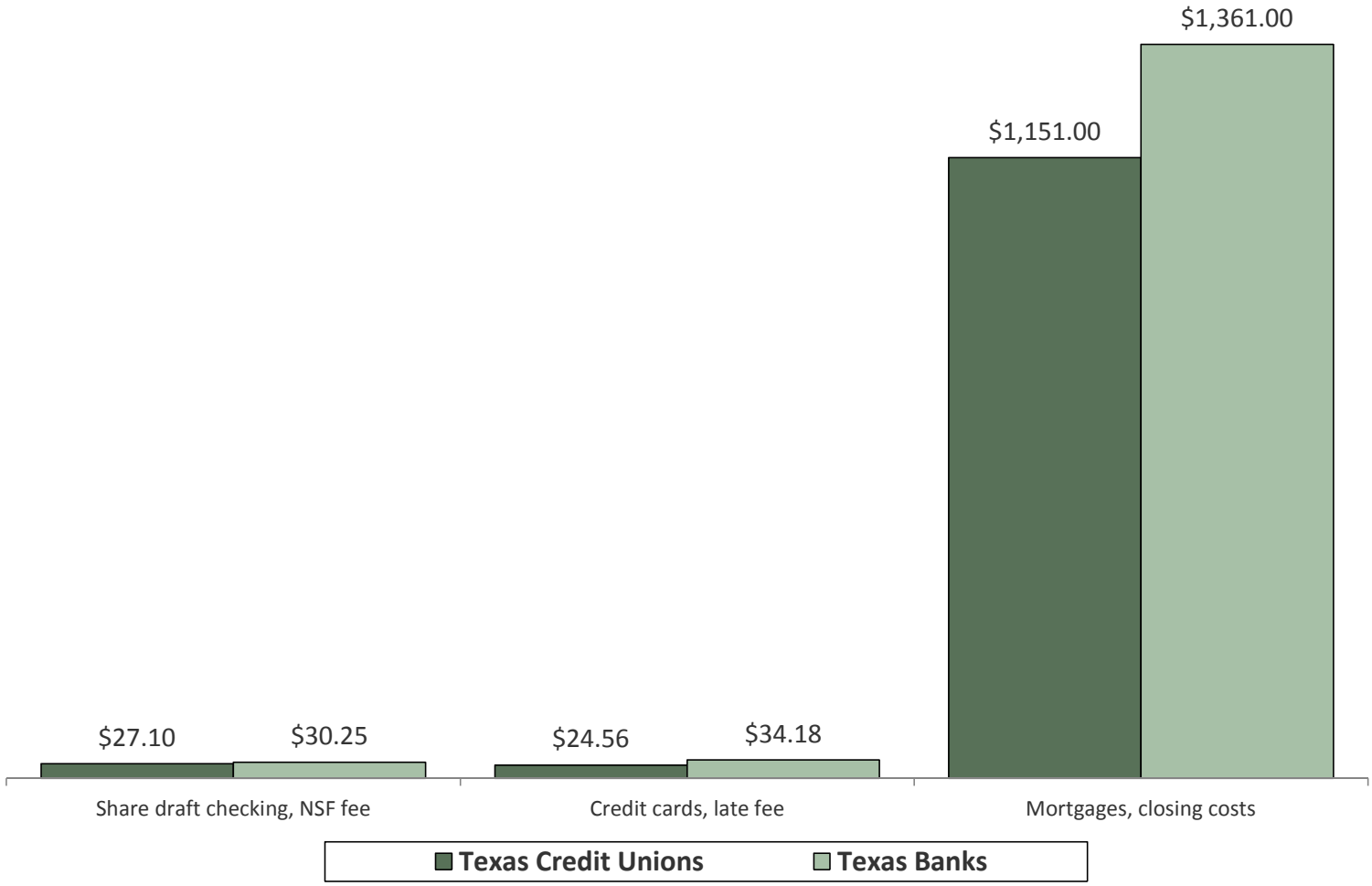
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



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

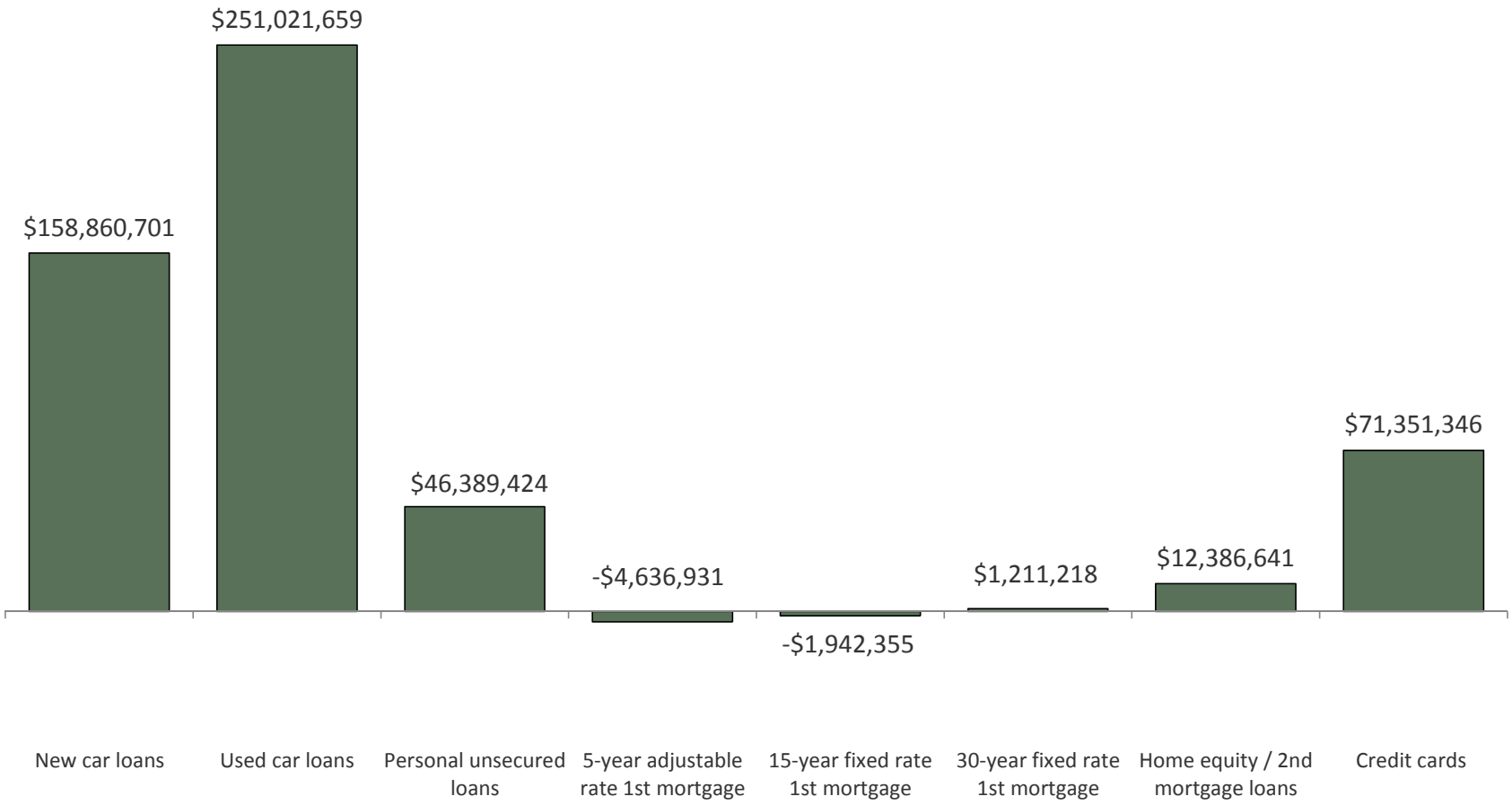
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.34	3.68	-1.34
48-month used car (A paper)	2.46	4.23	-1.77
Unsecured loan (A paper)	8.96	10.54	-1.58
5-year adjustable rate 1st mortgage, 0 pts	3.03	2.90	0.13
15-year fixed rate 1st mortgage, 0 pts	3.37	3.34	0.03
30-year fixed rate 1st mortgage, 0 pts	4.13	4.15	-0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.11	4.60	-0.49
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	0.19	0.10	0.09
Share draft checking, $5,000 balance	0.24	0.15	0.09
Money market accounts	0.19	0.11	0.09
1 Year certificate $10,000 balance	0.56	0.33	0.23
Retirement (IRA) accounts	0.38	0.22	0.16
Fee Income			
Share draft checking, NSF fee	$27.10	$30.25	-$3.16
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

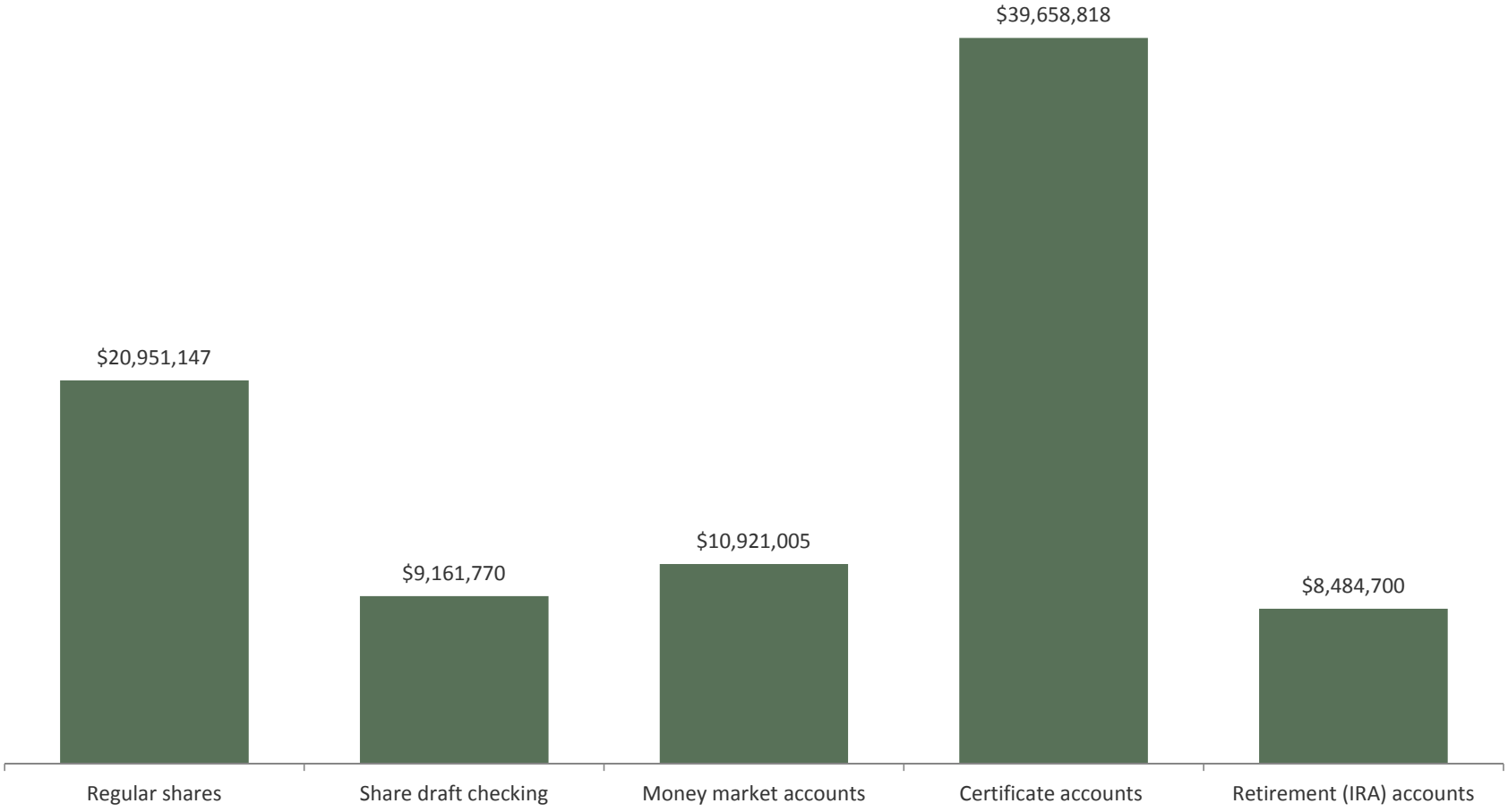
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Texas Credit Unions

Mid-Year 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Texas Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	11,837,608,131	-1.34	$158,860,701
Used car loans	14,198,057,640	-1.77	$251,021,659
Personal unsecured loans	2,941,624,861	-1.58	$46,389,424
5-year adjustable rate 1st mortgage	3,651,127,049	0.13	-$4,636,931
15-year fixed rate 1st mortgage	5,549,585,425	0.03	-$1,942,355
30-year fixed rate 1st mortgage	5,046,743,486	-0.02	$1,211,218
Home equity / 2nd mortgage loans	2,522,737,488	-0.49	$12,386,641
Credit cards	2,207,311,566	-4.08	$71,351,346
Interest rebates in period			$764,050
Total CU member benefits arising from lower interest rates on loan products:			$535,405,754
Savings			
Regular shares	23,409,102,377	0.09	$20,951,147
Share draft checking	10,430,299,902	0.09	$9,161,770
Money market accounts	12,501,755,437	0.09	$10,921,005
Certificate accounts	17,432,447,576	0.23	$39,658,818
Retirement (IRA) accounts	5,389,578,741	0.16	$8,484,700
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$89,177,439
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$116,877,337
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$741,460,529
Total CU member benefit / member:			$92
Total CU member benefit / member household:			$174

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;

Texas
Performance Profile

Demographic Information	Jun 14	Jun 13
Number of branches	1641	1623
Total assets ($ mil)	83,665	79,443
Total loans ($ mil)	55,038	49,625
Total surplus funds ($ mil)	24,949	26,376
Total savings ($ mil)	72,470	69,457
Total members (thousands)	8,216	7,961
Growth Rates (Trailing 12 months) *		
Total assets	5.5 %	5.5 %
Total loans	11.1 %	7.4 %
Total surplus funds	-5.2 %	1.7 %
Total savings	4.5 %	5.7 %
Total members	3.5 %	1.1 %
Earnings - Basis Pts. *		
Yield on total assets	348	350
Dividend/interest cost of assets	58	66
Fee & other income	150	149
Operating expense	329	330
Loss Provisions	32	23
Net Income (ROA) after stabilization exp	79	80
Capital adequacy		
Net worth / assets	10.2	10.0
Asset quality *		
Delinquencies / loans	0.7	0.7
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	13	11
Bankruptcies per 1000 members	0.8	0.7
Asset/Liability Management		
Loans / savings	75.9	71.4
Loans / assets	65.8	62.5
Long-term assets / assets	30.4	28.8
Core deposits/shares & borrowings	48.1	45.9
Productivity		
Members/potential members	6.0	6.2
Borrowers/members	51.8	49.8
Members/FTE	376	380
Average shares/members ($)	8,820	8,724
Average loan balances ($)	12,931	12,529
Salary & Benefits/FTE	62,304	60,870

*** 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.**