

The Benefits of Membership

Customized Analysis of Member Benefits For:

Kansas

March 2011

Prepared by:

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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 \$44,717,766 in direct financial benefits to the state's 791,711 members during the twelve months ending March 2011.

These benefits are equivalent to \$56 per member or \$107 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 \$188 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, first mortgage-adjustable rate, home equity loans, credit cards loans.

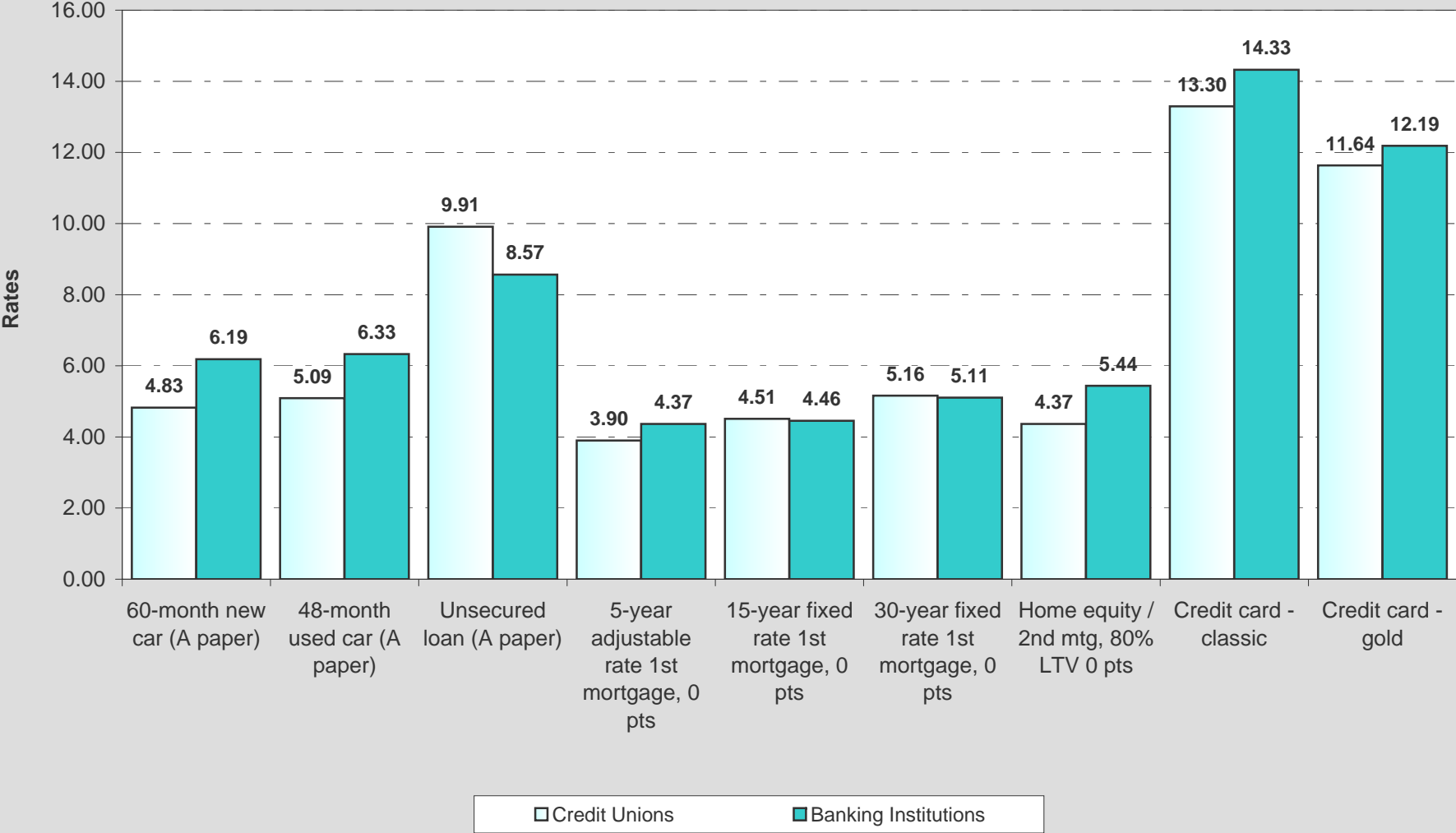
Kansas credit unions also pay members higher average dividends on the following accounts: share draft checking, money market accounts, certificate accounts, IRAs.



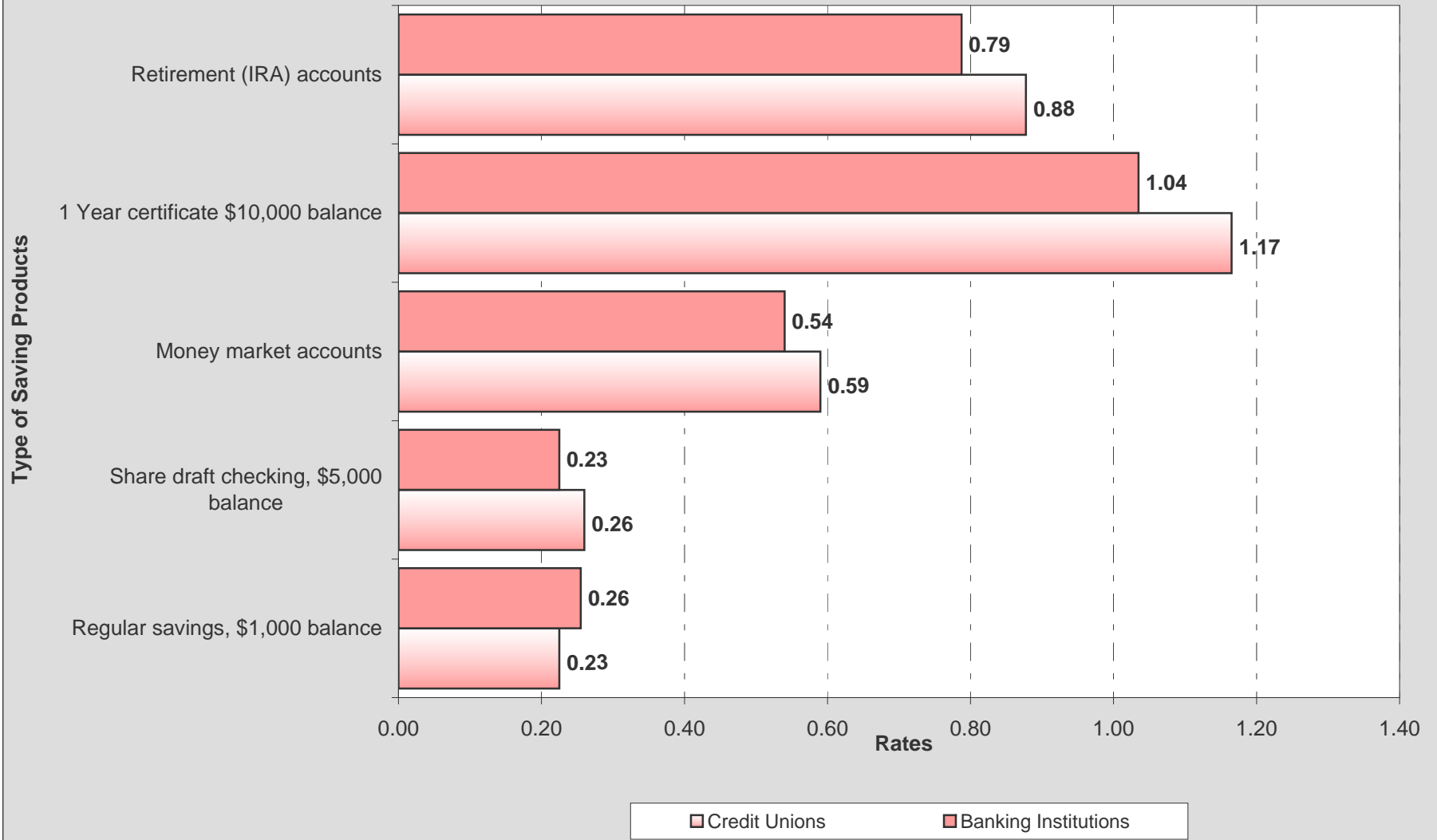
Source: Datatrac, NCUA, and CUNA.

(1)Assumes 1.9 credit union members per household.

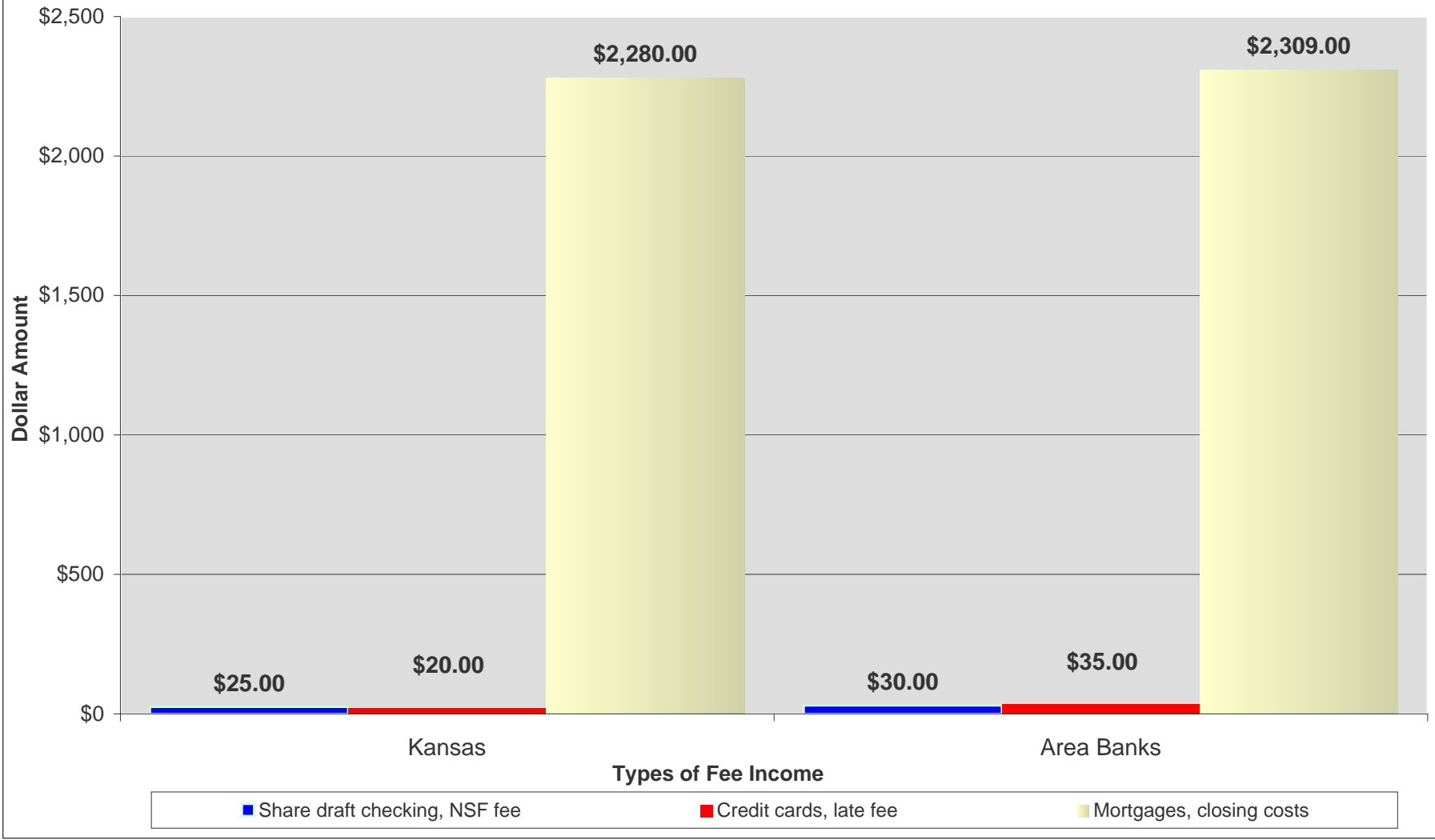
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



Recent Comparative Interest Rates for Credit Unions Saving Products Credit Unions vs. Banking Institutions



Selected March 2011 Credit Union Fees compared to Banking Institutions

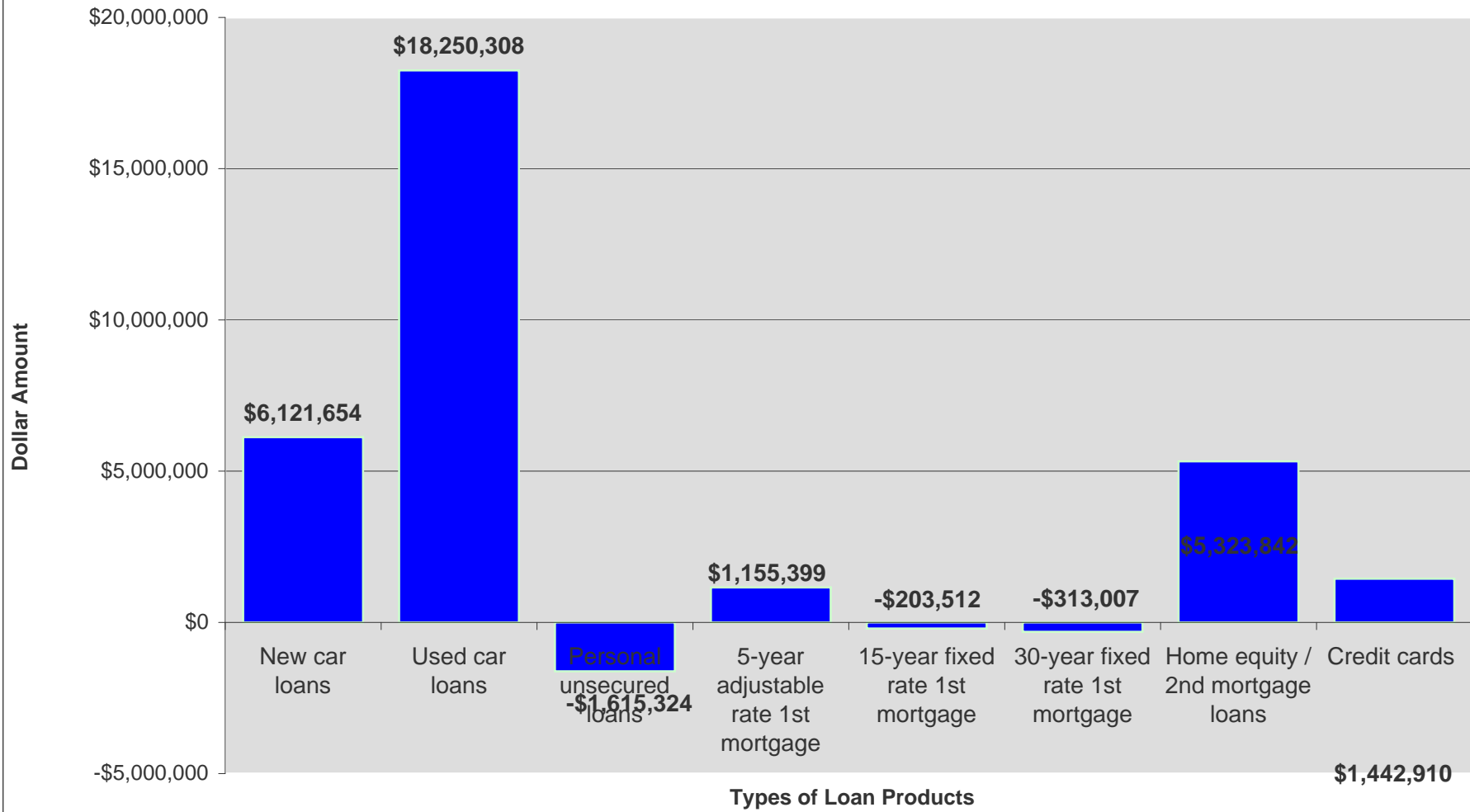


Kansas
Credit Union and Banking Institution
First-Quarter 2011 Average Interest Rates and Fees

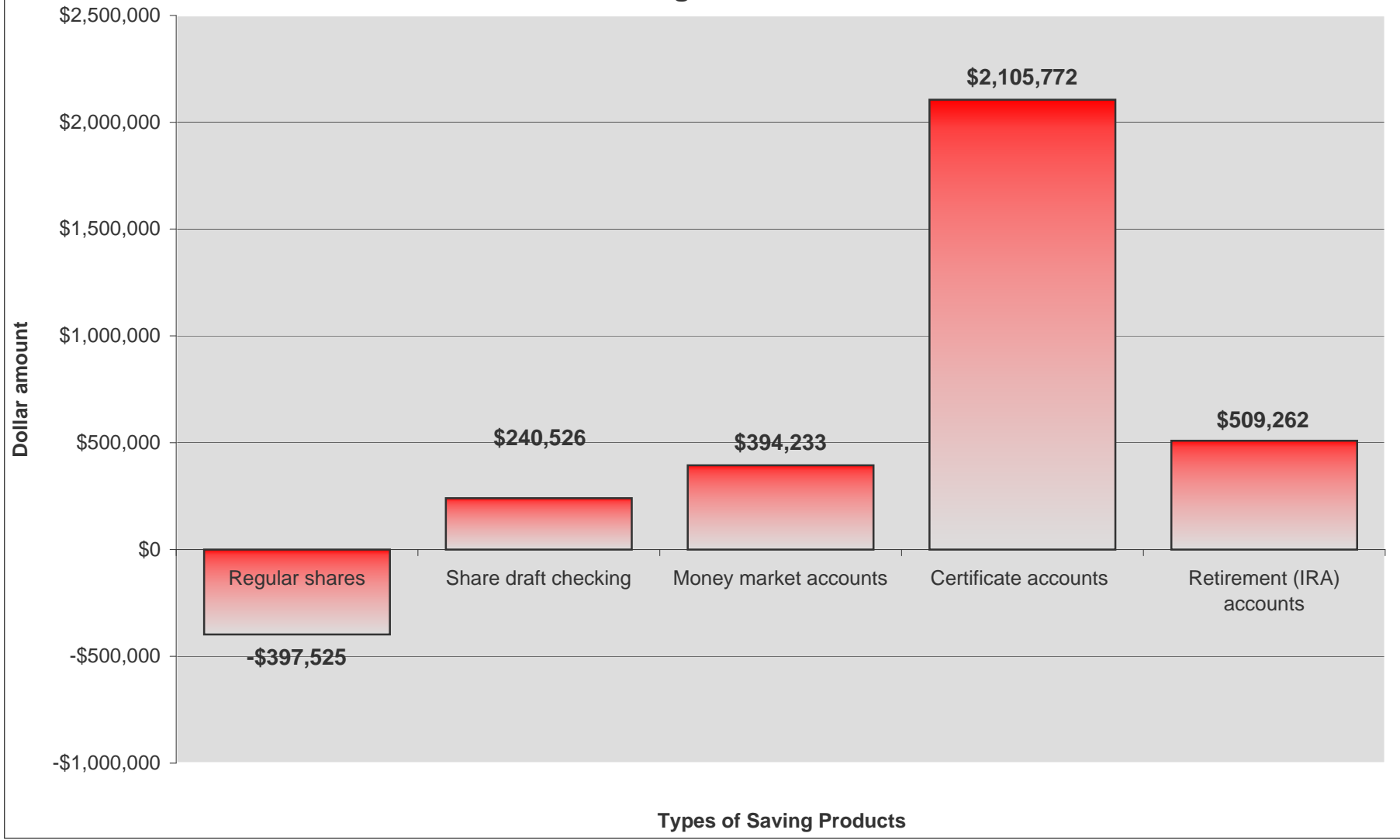
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.83	6.19	-1.36
48-month used car (A paper)	5.09	6.33	-1.24
Unsecured loan (A paper)	9.91	8.57	1.35
5-year adjustable rate 1st mortgage, 0 pts	3.90	4.37	-0.47
15-year fixed rate 1st mortgage, 0 pts	4.51	4.46	0.05
30-year fixed rate 1st mortgage, 0 pts	5.16	5.11	0.05
Home equity / 2nd mtg, 80% LTV 0 pts	4.37	5.44	-1.08
Credit card - classic	13.30	14.33	-1.03
Credit card - gold	11.64	12.19	-0.55
Savings Products			
Regular savings, \$1,000 balance	0.23	0.26	-0.03
Share draft checking, \$5,000 balance	0.26	0.23	0.04
Money market accounts	0.59	0.54	0.05
1 Year certificate \$10,000 balance	1.17	1.04	0.13
Retirement (IRA) accounts	0.88	0.79	0.09
Fee Income			
Share draft checking, NSF fee	\$25.00	\$30.00	-\$5.00
Credit cards, late fee	\$20.00	\$35.00	-\$15.00
Mortgages, closing costs	\$2,280.00	\$2,309.00	-\$29.00

Source: Datatrac

Estimated Credit Union Loan Rate Benefits vs. Banking Institutions



Estimated Credit Union Savings Dividend Benefits vs. Banking Institutions



Estimated Kansas Credit Unions Financial Benefits First-Quarter 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Kansas Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	450,121,591	-1.36	\$6,121,654
Used car loans	1,471,799,023	-1.24	\$18,250,308
Personal unsecured loans	120,098,411	1.35	-\$1,615,324
5-year adjustable rate 1st mortgage	248,472,816	-0.47	\$1,155,399
15-year fixed rate 1st mortgage	370,021,612	0.05	-\$203,512
30-year fixed rate 1st mortgage	569,103,801	0.05	-\$313,007
Home equity / 2nd mortgage loans	495,241,112	-1.08	\$5,323,842
Credit cards	158,561,518	-1.03	\$1,442,910
Interest rebates in period			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$30,162,269
 <u>Savings</u>			
Regular shares	1,325,081,853	-0.03	-\$397,525
Share draft checking	687,218,097	0.04	\$240,526
Money market accounts	788,465,093	0.05	\$394,233
Certificate accounts	1,619,824,571	0.13	\$2,105,772
Retirement (IRA) accounts	565,846,135	0.09	\$509,262
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$2,852,268
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$11,703,229
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$44,717,766
 Total CU member benefit / member:			\$56
Total CU member benefit / member household:			\$107

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of March 2011 and March 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Kansas
Performance Profile

Demographic Information	Mar 11	Mar 10
Number of branches	244	209
Total assets (\$ mil)	6,404	4,292
Total loans (\$ mil)	4,176	2,798
Total surplus funds (\$ mil)	1,980	1,326
Total savings (\$ mil)	5,315	3,709
Total members (thousands)	819	596
Growth Rates (Year-to-date)		
Total assets	3.9 %	0.0 %
Total loans	-0.5 %	-0.3 %
Total surplus funds	15.4 %	0.9 %
Total savings	4.0 %	3.5 %
Total members	5.5 %	0.6 %
Earnings - Basis Pts.		
Yield on total assets	466	506
Dividend/interest cost of assets	113	142
Fee & other income *	146	118
Operating expense	375	371
Loss Provisions	49	50
Net Income (ROA) after stabilization exp *	65	60
Capital adequacy		
Net worth / assets	10.9	10.8
Asset quality		
Delinquencies / loans	1.1	1.3
Net chargeoffs / average loans	1.0	1.3
Total borrower-bankruptcies	8	5
Bankruptcies per 1000 members	1.0	0.8
Asset/Liability Management		
Loans / savings	78.6	75.4
Loans / assets	65.2	65.2
Long-term assets / assets	29.3	23.4
Core deposits/shares & borrowings	38.3	41.0
Productivity		
Members/potential members	4.6	4.2
Borrowers/members	49.6	49.8
Members/FTE	385	380
Average shares/members (\$)	6,490	6,225
Average loan balances (\$)	10,284	9,433
Salary & Benefits/FTE	55,991	49,208