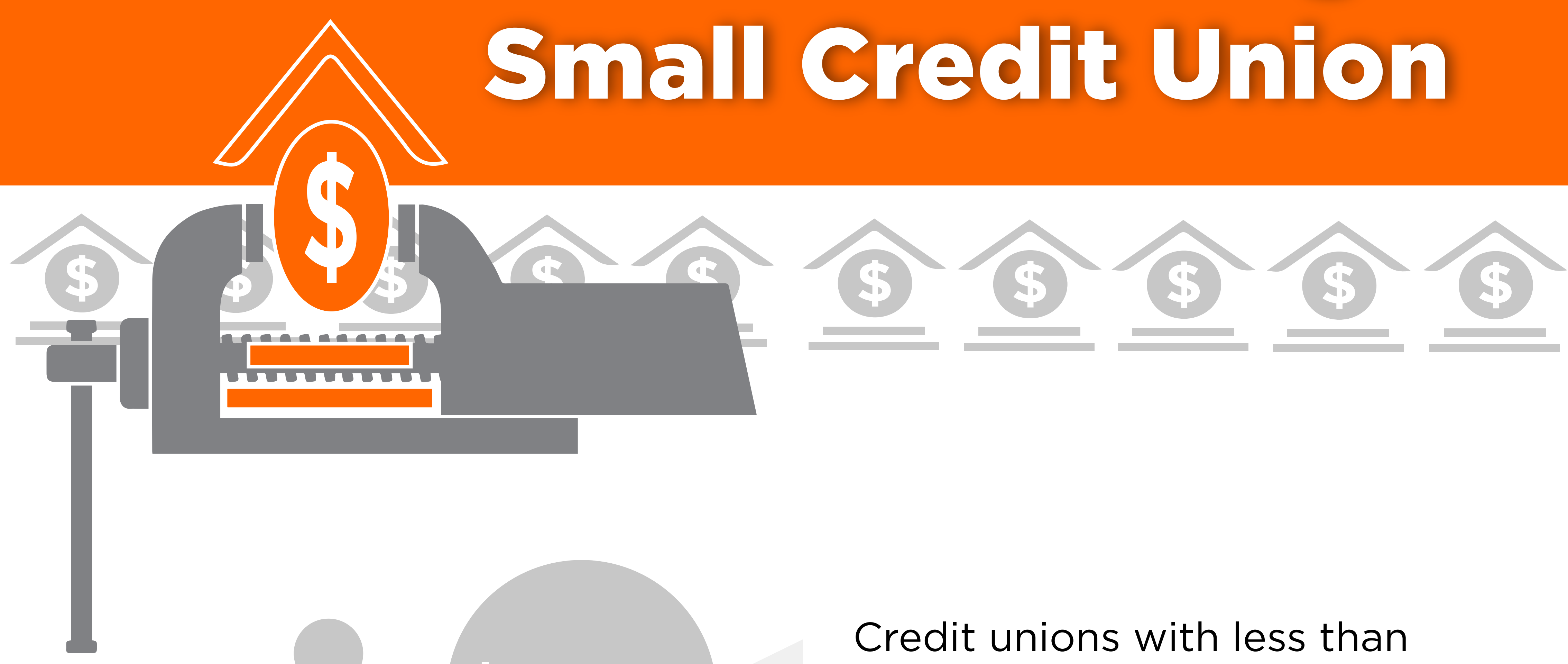
The Pressures of Being a Small Credit Union



Credit unions with less than $1 billion in assets face a real challenge in today's market.

On every metric, larger credit unions have a significant competitive advantage:

Average Metrics for Credit Unions With:

	Assets <$100M	Assets >$1B
Return on assets	0.12%	**0.92%**
Operating expense to average assets	3.71%	**2.93%**
Loans/shares	57%	**79%**
Asset growth (5-year annualized)	3.8%	**8.9%**
Membership growth	-0.2%	**6.7%**

It's all about economies of scale that come with size. That's why mergers should be a part of your credit union's growth plan.

By joining forces to create a larger credit union, you'll be able to:

Average Metrics for Credit Unions With:

	Assets <$100M	Assets >$1B
Pay higher dividend rates:		
Interest expense/deposits	0.37%	**0.60%**
Provide loans to more people:		
Percentage of members with loans	45%	**60%**
Average balance of loans	$3,980	**$8,926**
Offer higher wages to employees:		
Total compensation/full-time employees	$58,800	**$76,800**
Create more local jobs:		
Number of new employees, last 5 years	311	**27,392**
Annualized percentage growth of employees, last 5 years	0.5%	**5.8%**
Invest in new technologies:		
2014 technology budget as percentage of non-interest expense[1]	5.6%	**6.7%**
Open new branches:		
Net new branches, last 5 years	-262	**988**
Annualized branch growth rate, last 5 years	-0.4%	**5.2%**
Tell your story to the world:		
Marketing expense/credit union	$43,851	**$6,181,753**
Marketing expense/member	$14.31	**$29.94**

In 20 years, the average credit union will have over $2 billion in assets. Without growing, will your credit union be able to compete?

Contact CEO Advisory Group to learn more about merger opportunities available to your credit union.

1. CUNA Research, 2013. All other data from Sageworks, 2014.

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Growth Planning | Mergers | Integration
www.ceoadvisory.com | 206.219.5395

CEO Advisory Group serves as a trust-based adviser to credit unions providing mergers and acquisitions and growth planning. CEO Advisory was the first M&A consultancy with an exclusive focus on the credit union industry. Our goal is to successfully ensure members, communities, board and staff all win in mutually beneficial mergers.