The Benefits of Membership

Customized Analysis of Member Benefits For:

Idaho

December 2013

Prepared by:

Credit Union National Association Economics and Statistics Department



Idaho

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 Idaho credit unions provided \$45,092,515 in direct financial benefits to the state's 610,081 members during the twelve months ending December 2013.

These benefits are equivalent to \$74 per member or \$140 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 Idaho 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 Idaho credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Idaho credit union will save members an average \$181 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.

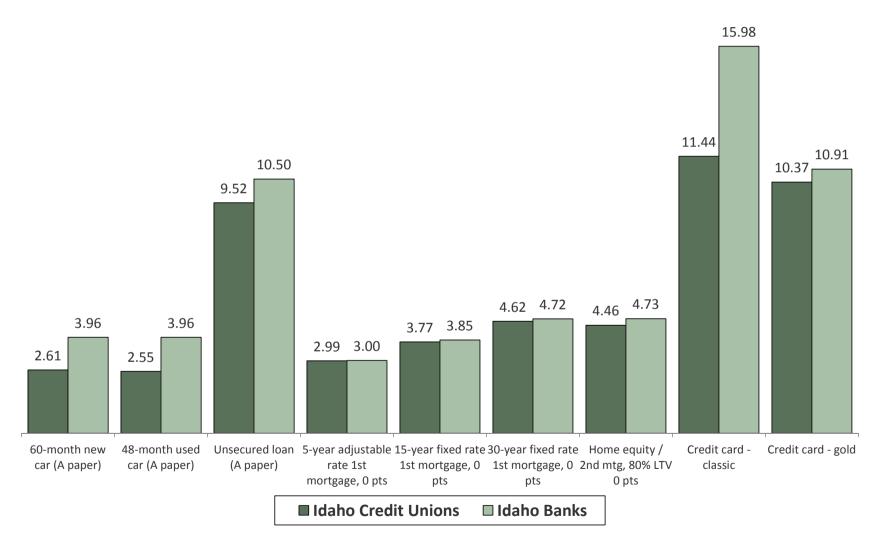
Idaho credit unions excel in providing member benefits on many loan and saving products. In particular, Idaho credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate, home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

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



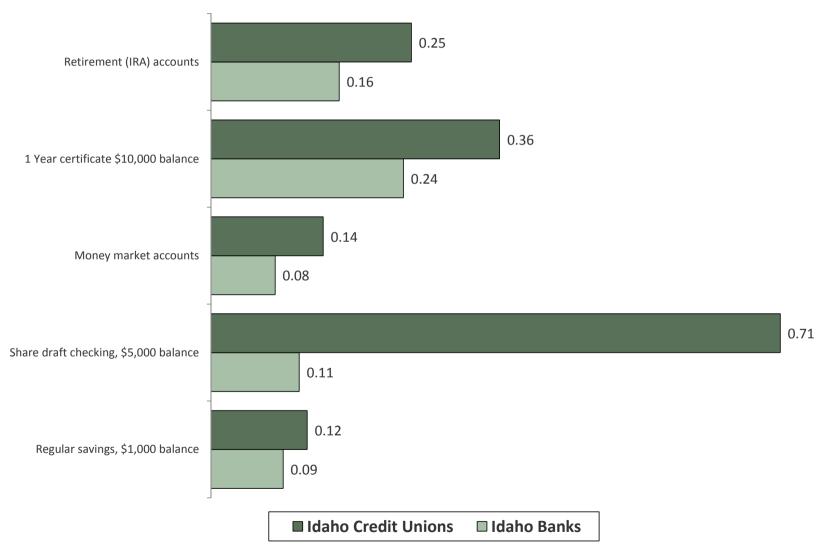
Loan Product Comparative Interest Rates (%)

By Loan Type



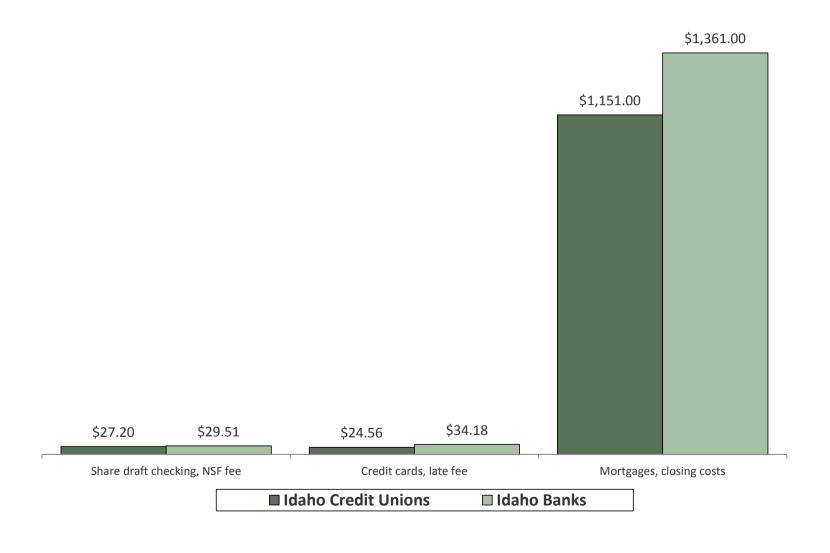
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Idaho

Credit Union and Banking Instituion

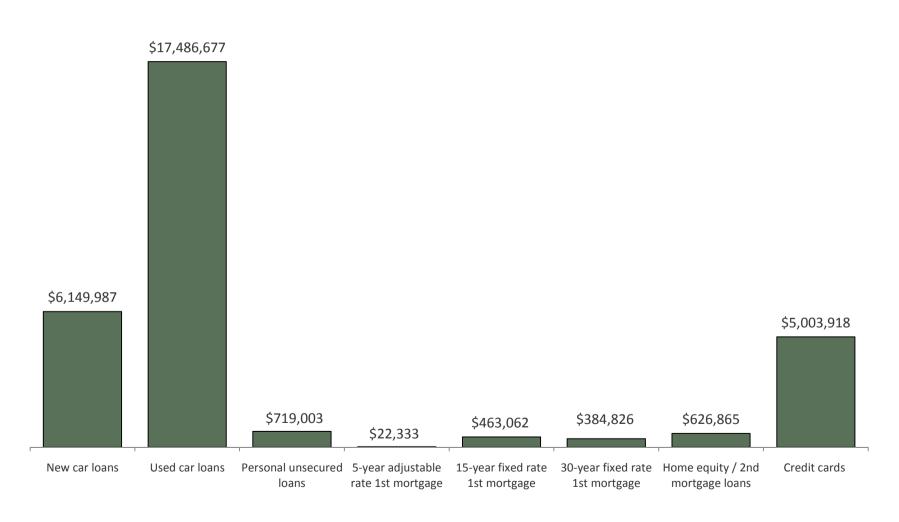
Year-End 2013 Average Interest Rates and Fees

Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
2.61	3.96	-1.35
2.55	3.96	-1.41
9.52	10.50	-0.98
2.99	3.00	-0.01
3.77	3.85	-0.08
4.62	4.72	-0.10
4.46	4.73	-0.27
11.44	15.98	-4.54
10.37	10.91	-0.54
0.12	0.09	0.03
0.71	0.11	0.60
0.14	0.08	0.06
0.36	0.24	0.12
0.25	0.16	0.09
\$27.20	\$29.51	-\$2.31
\$24.56	\$34.18	-\$9.62
\$1,151.00	\$1,361.00	-\$210.00
	Credit Unions (%) 2.61 2.55 9.52 2.99 3.77 4.62 4.46 11.44 10.37 0.12 0.71 0.14 0.36 0.25	Credit Unions (%) at Banks (%) 2.61 3.96 2.55 3.96 9.52 10.50 2.99 3.00 3.77 3.85 4.62 4.72 4.46 4.73 11.44 15.98 10.37 10.91 0.71 0.11 0.14 0.08 0.36 0.24 0.25 0.16 \$27.20 \$29.51 \$24.56 \$34.18

Source: Datatrac

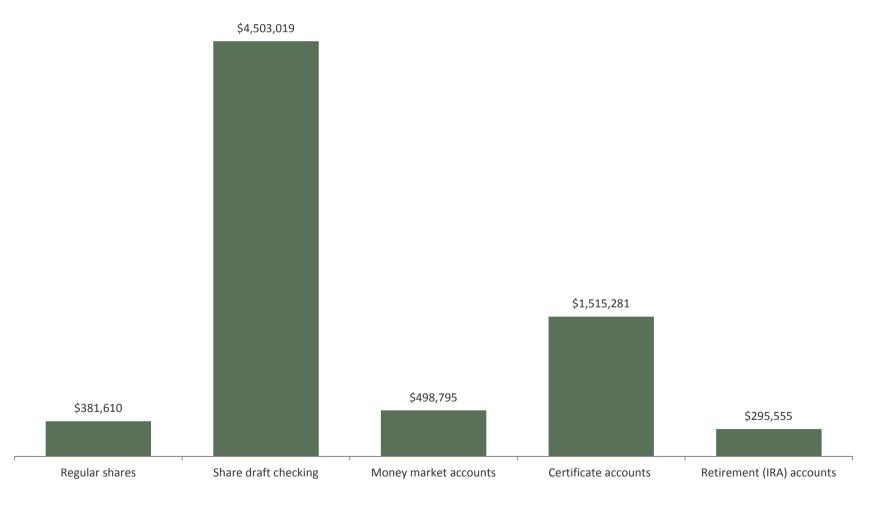
State Credit Unions' Total Loan Rate Benefits

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 Idaho Credit Unions Year-End 2013

	Avg. Balance at	Rate Difference vs. Idaho	Total Financial Benefit to Your
<u>Loans</u>	Credit Unions (1)	Banks (%) (2)	Members
New car loans	455,554,572	-1.35	\$6,149,987
Used car loans	1,240,189,831	-1.41	\$17,486,677
Personal unsecured loans	73,367,688	-0.98	\$719,003
5-year adjustable rate 1st mortgage	223,327,666	-0.01	\$22,333
15-year fixed rate 1st mortgage	578,827,632	-0.08	\$463,062
30-year fixed rate 1st mortgage	384,826,158	-0.10	\$384,826
Home equity / 2nd mortgage loans	232,172,212	-0.27	\$626,865
Credit cards	141,353,628	-4.54	\$5,003,918
Interest rebates in period			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$30,856,671
Savings			
Regular shares	1,272,032,528	0.03	\$381,610
Share draft checking	750,503,154	0.60	\$4,503,019
Money market accounts	831,324,678	0.06	\$498,795
Certificate accounts	1,262,733,894	0.12	\$1,515,281
Retirement (IRA) accounts	328,394,064	0.09	\$295,555
Bonus dividends in period	\$0		
Total CU member benefit arising from higher interest rate	\$7,194,259		
Fee Income			
Total CU member benefit arising from fewer/lower fees:			\$7,041,585
Total CU member benefit arising from interest rates	on loan and savings products and lo	ower fees:	\$45,092,515
Total CU member benefit / member:			\$74
<u>Total CU member benefit / member household:</u>			\$140

Source: Datatrac, NCUA, and CUNA

⁽¹⁾ Average balance as of year-end 2013 and year-end 2012, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Idaho Performance Profile

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Demographic Information	Dec 13	Dec 12
Number of branches	176	174
Total assets (\$ mil)	5,402	4,984
Total loans (\$ mil)	3,977	3,431
Total surplus funds (\$ mil)	1,104	1,290
Total savings (\$ mil)	4,753	4,420
Total members (thousands)	638	597
Growth Rates (Trailing 12 months) *		
Total assets	10.1 %	10.7 %
Total loans	16.9 %	11.3 %
Total surplus funds	-11.1 %	9.0 %
Total savings	9.3 %	10.0 %
Total members	9.1 %	8.4 %
Earnings - Basis Pts. *		
Yield on total assets	339	366
Dividend/interest cost of assets	53	63
Fee & other income	191	194
Operating expense	360	355
Loss Provisions	17	26
Net Income (ROA) after stabilization exp	100	116
Capital adequacy		
Net worth / assets	10.3	10.1
Asset quality *		
Delinquencies / loans	0.6	0.8
Net chargeoffs / average loans	0.3	0.5
Total borrower-bankruptcies	23	24
Bankruptcies per 1000 members	1.6	2.0
Asset/Liability Management		
Loans / savings	83.7	77.6
Loans / assets	73.6	68.8
Long-term assets / assets	31.7	29.7
Core deposits/shares & borrowings	45.1	43.7
Productivity		
Members/potential members	6.3	6.7
Borrowers/members	52.7	51.6
Members/FTE	345	352
Average shares/members (\$)	7,452	7,405
Average loan balances (\$)	11,828	11,133
Salary & Benefits/FTE	54,693	54,068
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^{*} 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.