The Benefits of Membership

Customized Analysis of Member Benefits For:

Utah

March 2014

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Economics and Statistics Department

AMERICA'S CREDIT UNIONS

Utah

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 Utah credit unions provided $114,077,575 in direct financial benefits to the state's 1,851,289 members during the twelve months ending March 2014.

These benefits are equivalent to $62 per member or $117 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 Utah 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 Utah credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Utah credit union will save members an average $137 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.

Utah credit unions excel in providing member benefits on many loan and saving products. In particular, Utah 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.

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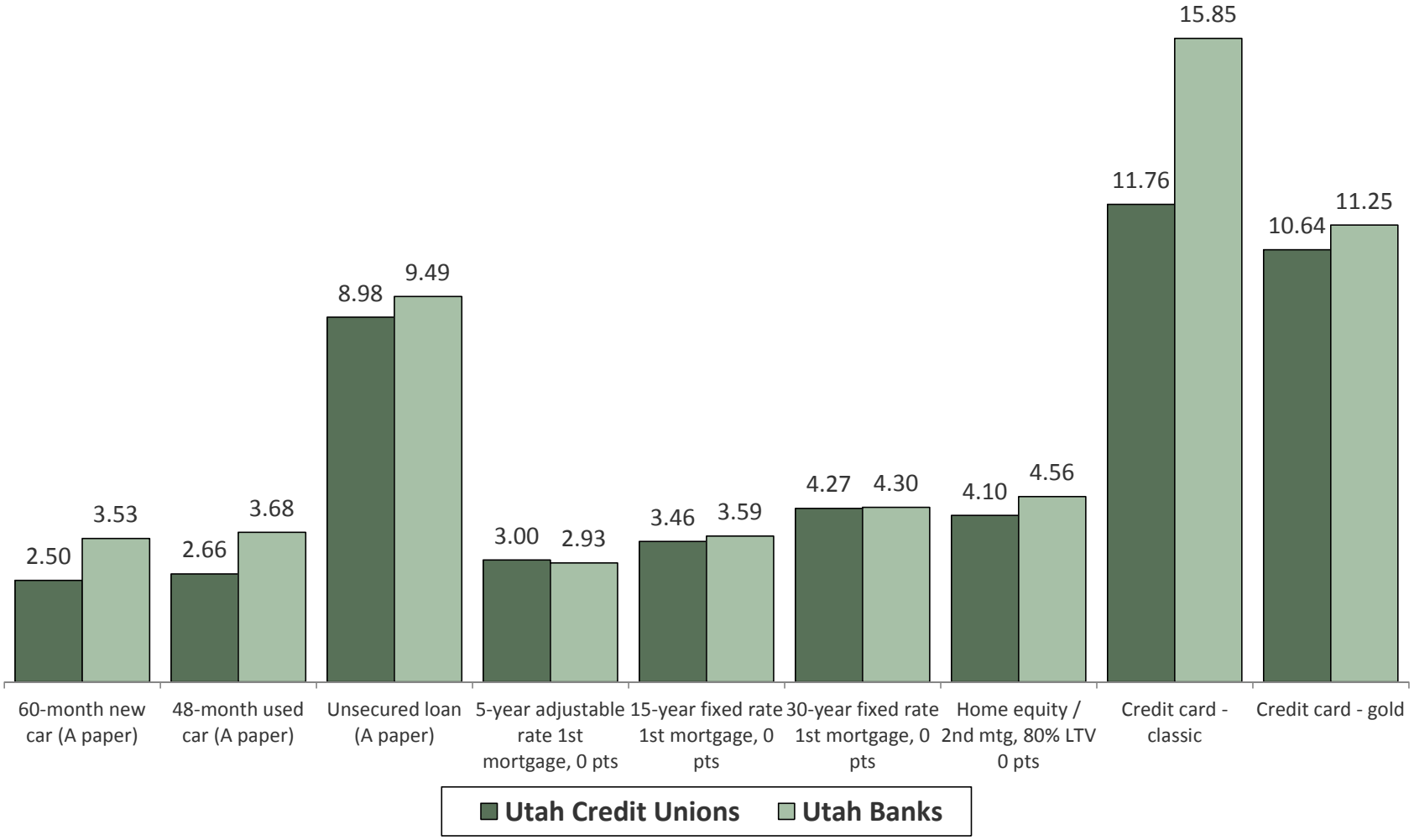
Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

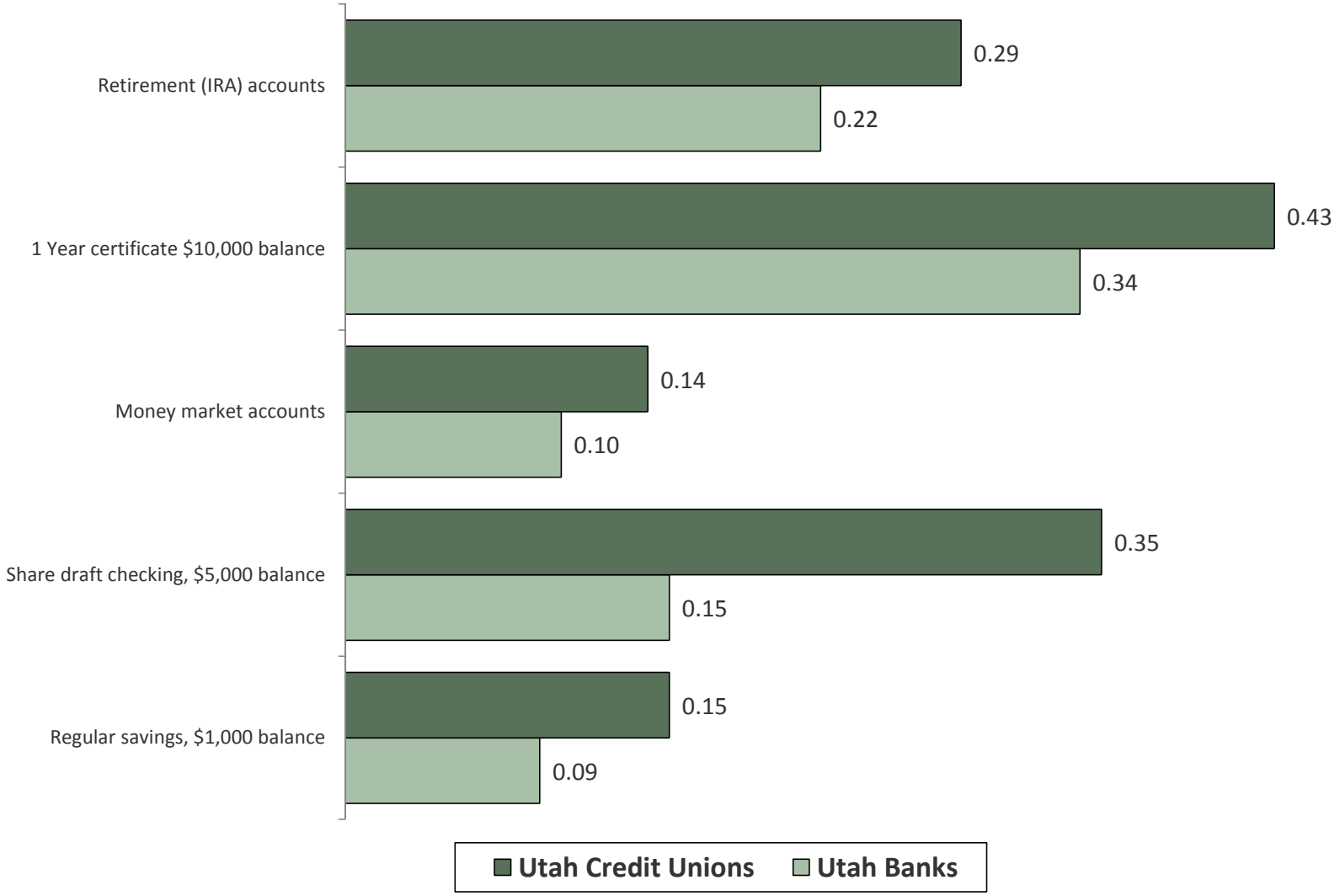
Loan Product Comparative Interest Rates (%)

By Loan Type



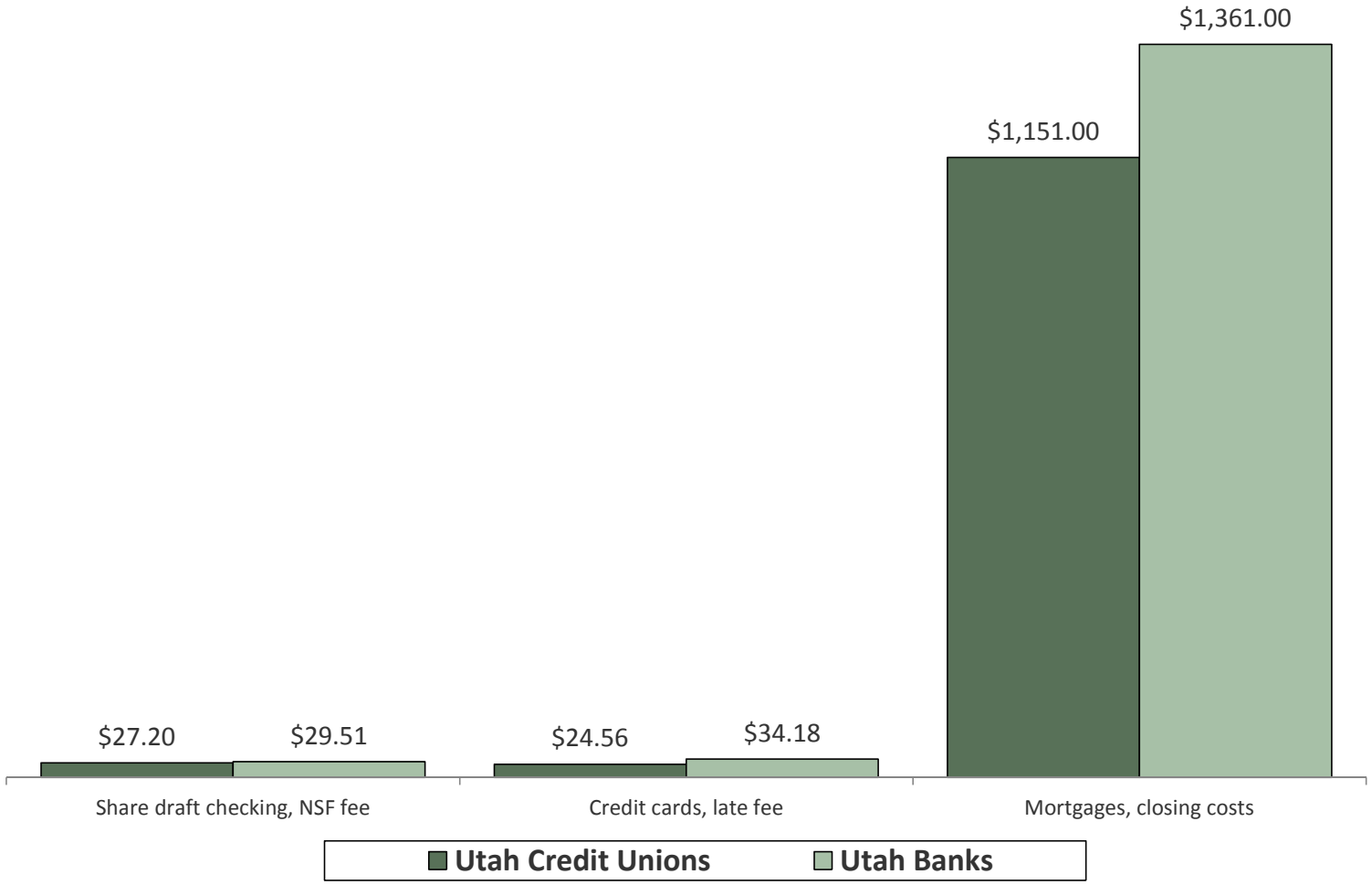
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Utah

Credit Union and Banking Instituion

First-Quarter 2014 Average Interest Rates and Fees

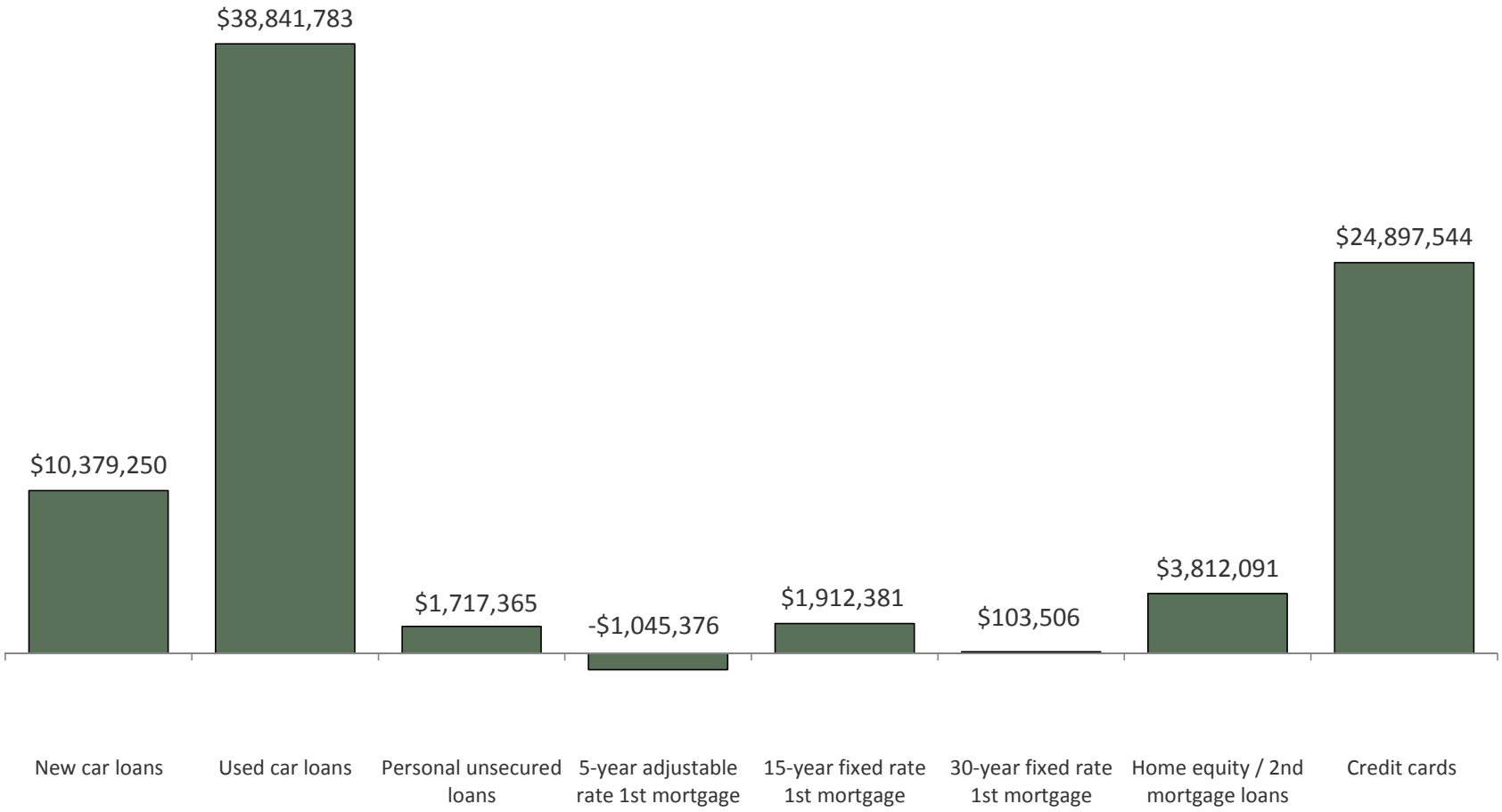
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.50	3.53	-1.03
48-month used car (A paper)	2.66	3.68	-1.02
Unsecured loan (A paper)	8.98	9.49	-0.51
5-year adjustable rate 1st mortgage, 0 pts	3.00	2.93	0.07
15-year fixed rate 1st mortgage, 0 pts	3.46	3.59	-0.13
30-year fixed rate 1st mortgage, 0 pts	4.27	4.30	-0.03
Home equity / 2nd mtg, 80% LTV 0 pts	4.10	4.56	-0.46
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	0.15	0.09	0.06
Share draft checking, $5,000 balance	0.35	0.15	0.20
Money market accounts	0.14	0.10	0.04
1 Year certificate $10,000 balance	0.43	0.34	0.09
Retirement (IRA) accounts	0.29	0.22	0.07
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

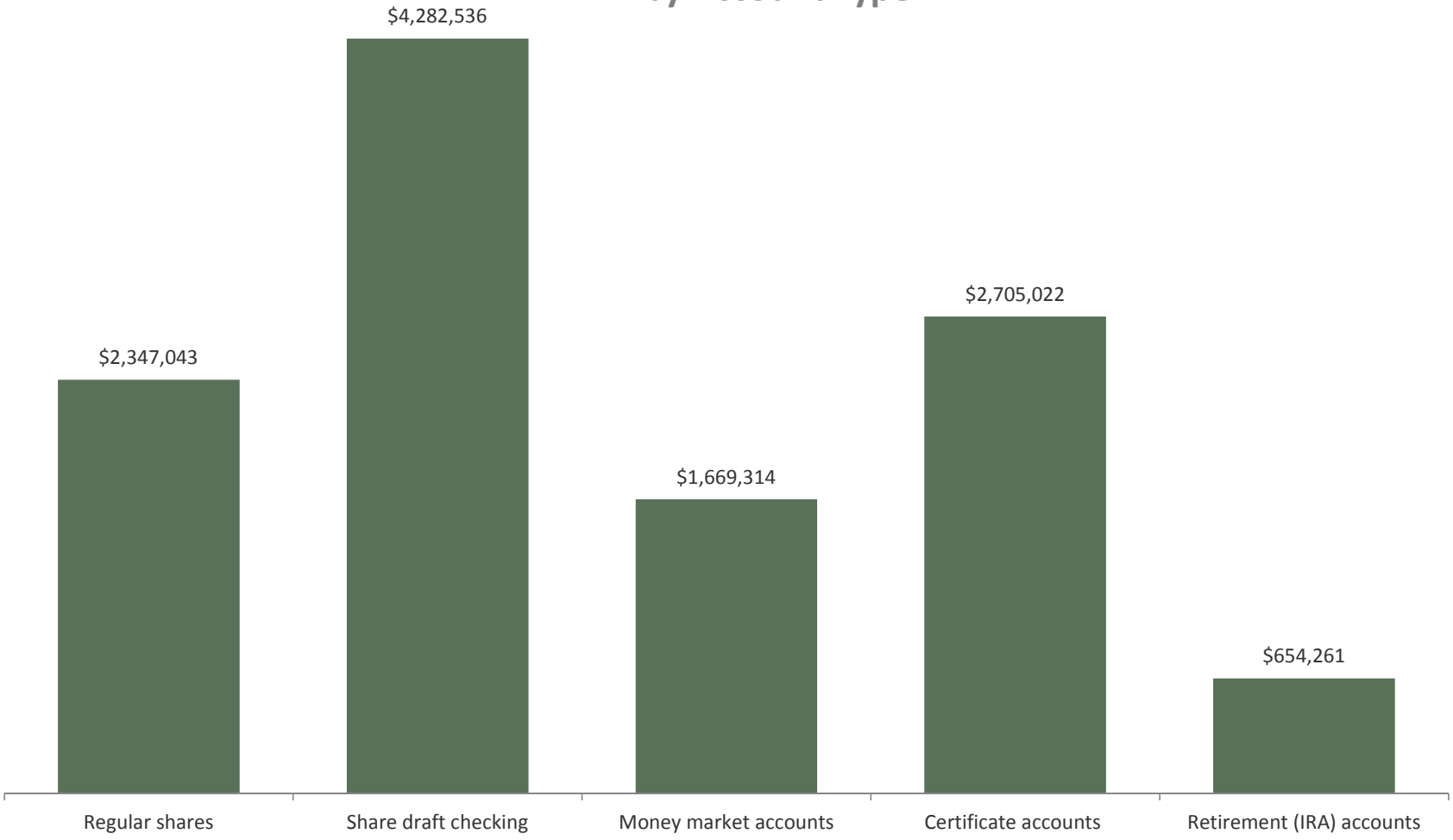
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Utah Credit Unions

First-Quarter 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Utah Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,007,694,144	-1.03	$10,379,250
Used car loans	3,808,017,975	-1.02	$38,841,783
Personal unsecured loans	336,738,323	-0.51	$1,717,365
5-year adjustable rate 1st mortgage	1,493,394,991	0.07	-$1,045,376
15-year fixed rate 1st mortgage	1,471,062,116	-0.13	$1,912,381
30-year fixed rate 1st mortgage	345,019,711	-0.03	$103,506
Home equity / 2nd mortgage loans	828,715,499	-0.46	$3,812,091
Credit cards	773,215,665	-4.09	$24,897,544
Interest rebates in period			$3,842
Total CU member benefits arising from lower interest rates on loan products:			$80,622,386
Savings			
Regular shares	3,911,738,786	0.06	$2,347,043
Share draft checking	2,141,267,890	0.20	$4,282,536
Money market accounts	4,173,283,930	0.04	$1,669,314
Certificate accounts	3,005,579,675	0.09	$2,705,022
Retirement (IRA) accounts	1,006,556,045	0.07	$654,261
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$11,658,176
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$21,797,013
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$114,077,575
Total CU member benefit / member:			$62
Total CU member benefit / member household:			$117

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;

Utah
Performance Profile

Demographic Information	Mar 14	Mar 13
Number of branches	421	419
Total assets ($ mil)	17,264	16,357
Total loans ($ mil)	11,509	10,471
Total surplus funds ($ mil)	5,030	5,237
Total savings ($ mil)	15,344	14,660
Total members (thousands)	1,906	1,830
Growth Rates (Trailing 12 months) *		
Total assets	7.6 %	7.9 %
Total loans	11.7 %	5.7 %
Total surplus funds	-1.4 %	11.9 %
Total savings	6.7 %	7.5 %
Total members	6.0 %	5.5 %
Earnings - Basis Pts. *		
Yield on total assets	329	350
Dividend/interest cost of assets	45	53
Fee & other income	204	227
Operating expense	349	371
Loss Provisions	11	-1
Net Income (ROA) after stabilization exp	128	155
Capital adequacy		
Net worth / assets	10.1	9.3
Asset quality *		
Delinquencies / loans	1.0	1.3
Net chargeoffs / average loans	0.5	0.6
Total borrower-bankruptcies	14	14
Bankruptcies per 1000 members	0.6	0.6
Asset/Liability Management		
Loans / savings	75.0	71.4
Loans / assets	66.7	64.0
Long-term assets / assets	28.7	26.8
Core deposits/shares & borrowings	41.9	39.7
Productivity		
Members/potential members	8.2	7.9
Borrowers/members	62.5	60.2
Members/FTE	351	349
Average shares/members ($)	8,052	8,010
Average loan balances ($)	9,661	9,503
Salary & Benefits/FTE	55,858	56,361

*** 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.**