The Benefits of Membership

Customized Analysis of Member Benefits For:

Wyoming

December 2013

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Economics and Statistics Department

Wyoming

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 Wyoming credit unions provided $29,903,195 in direct financial benefits to the state's 225,320 members during the twelve months ending December 2013.

These benefits are equivalent to $133 per member or $252 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 Wyoming 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 Wyoming credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Wyoming credit union will save members an average $226 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.

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

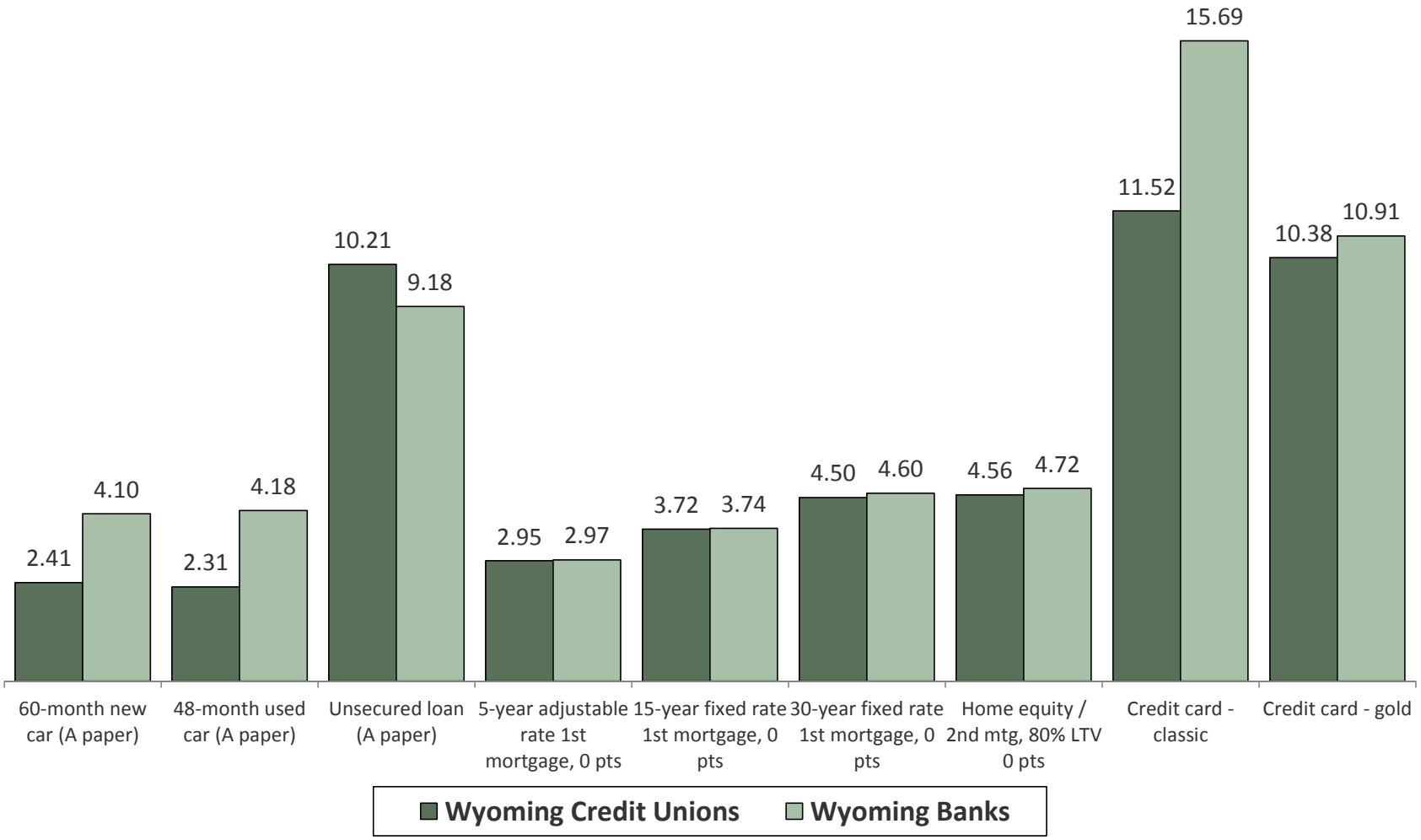
Wyoming credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

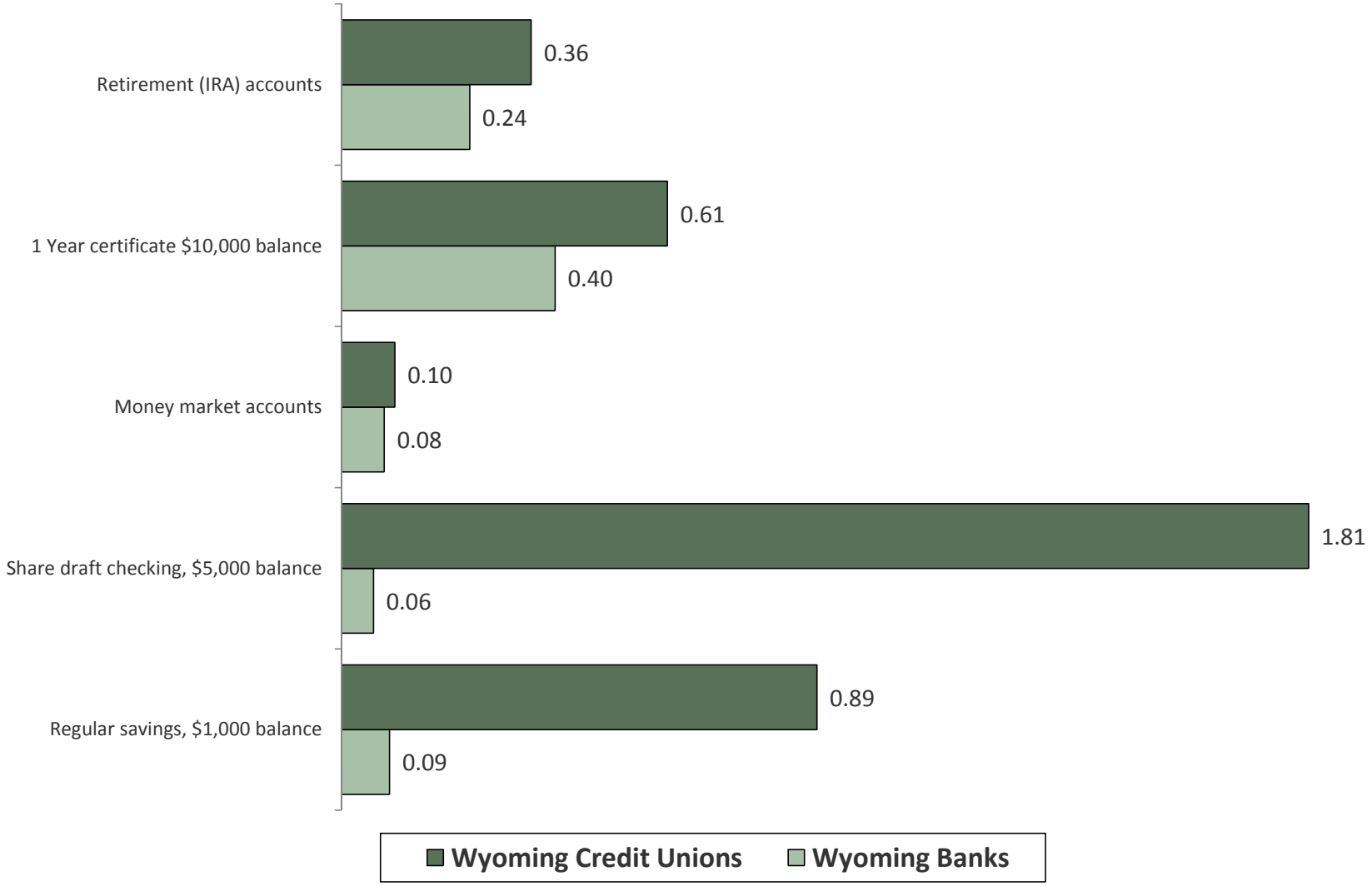
Loan Product Comparative Interest Rates (%)

By Loan Type



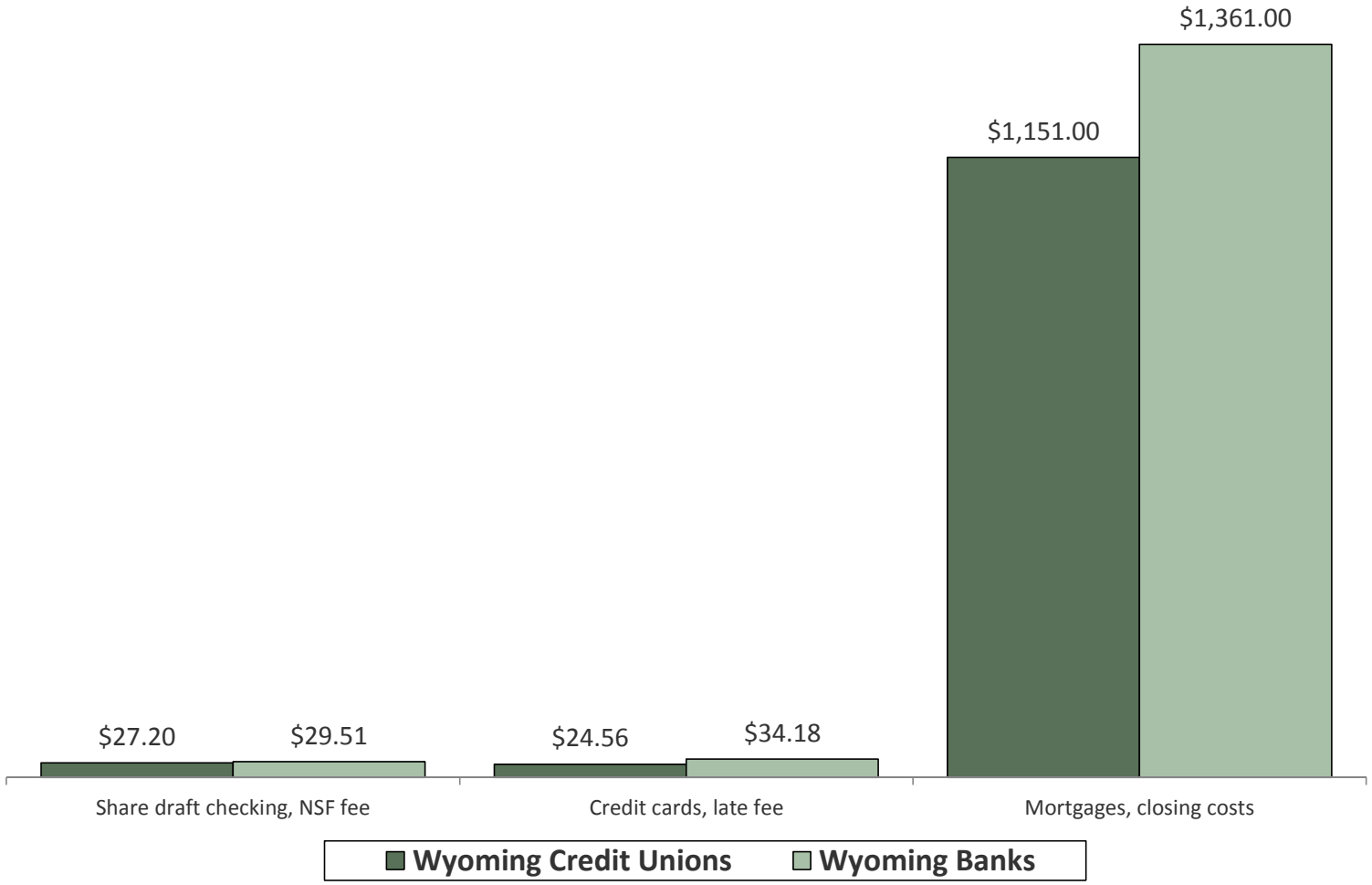
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Wyoming
Credit Union and Banking Instituion
Year-End 2013 Average Interest Rates and Fees

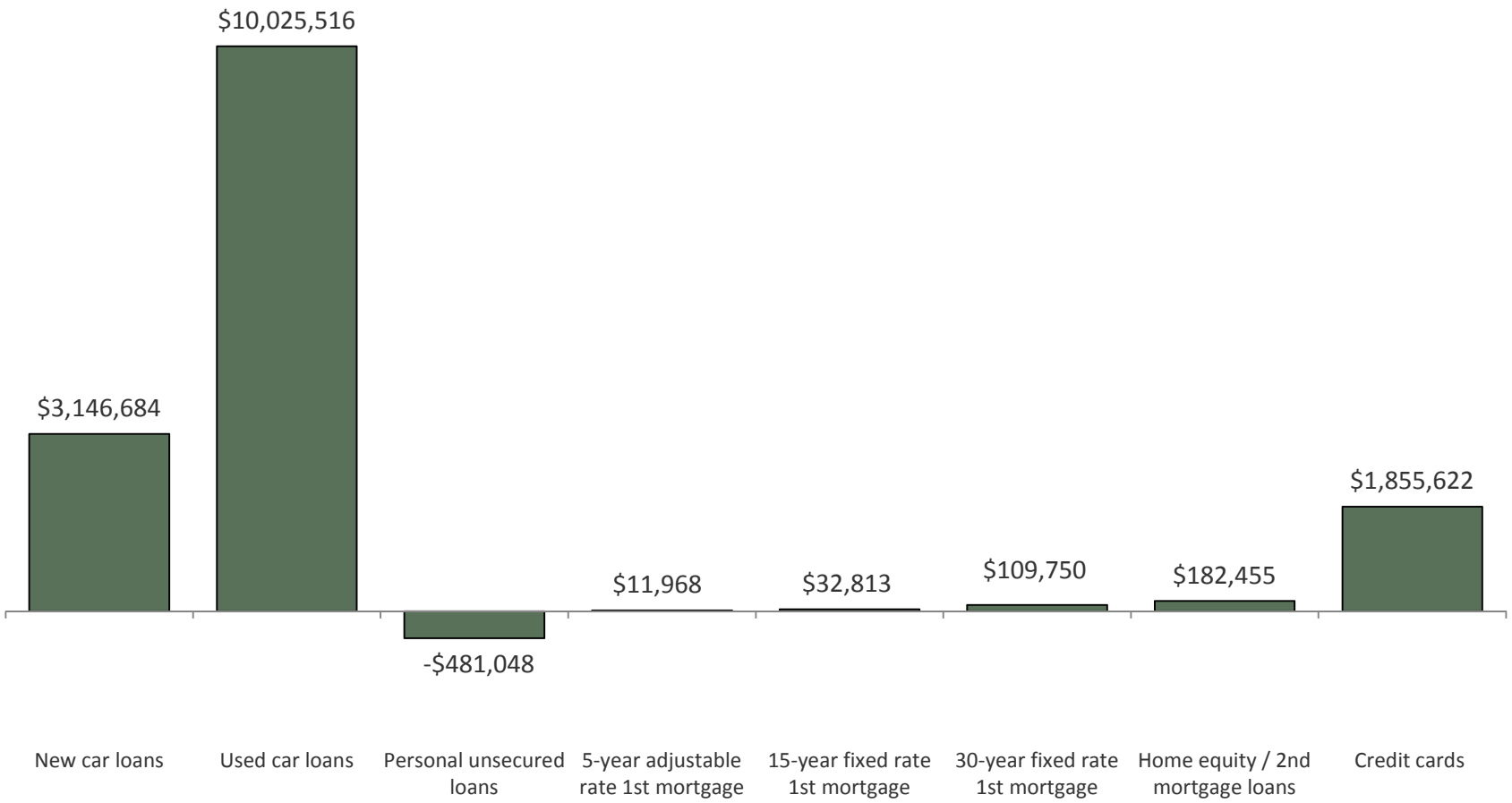
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.41	4.10	-1.69
48-month used car (A paper)	2.31	4.18	-1.87
Unsecured loan (A paper)	10.21	9.18	1.03
5-year adjustable rate 1st mortgage, 0 pts	2.95	2.97	-0.02
15-year fixed rate 1st mortgage, 0 pts	3.72	3.74	-0.02
30-year fixed rate 1st mortgage, 0 pts	4.50	4.60	-0.10
Home equity / 2nd mtg, 80% LTV 0 pts	4.56	4.72	-0.16
Credit card - classic	11.52	15.69	-4.17
Credit card - gold	10.38	10.91	-0.53
Savings Products			
Regular savings, $1,000 balance	0.89	0.09	0.80
Share draft checking, $5,000 balance	1.81	0.06	1.75
Money market accounts	0.10	0.08	0.02
1 Year certificate $10,000 balance	0.61	0.40	0.21
Retirement (IRA) accounts	0.36	0.24	0.12
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

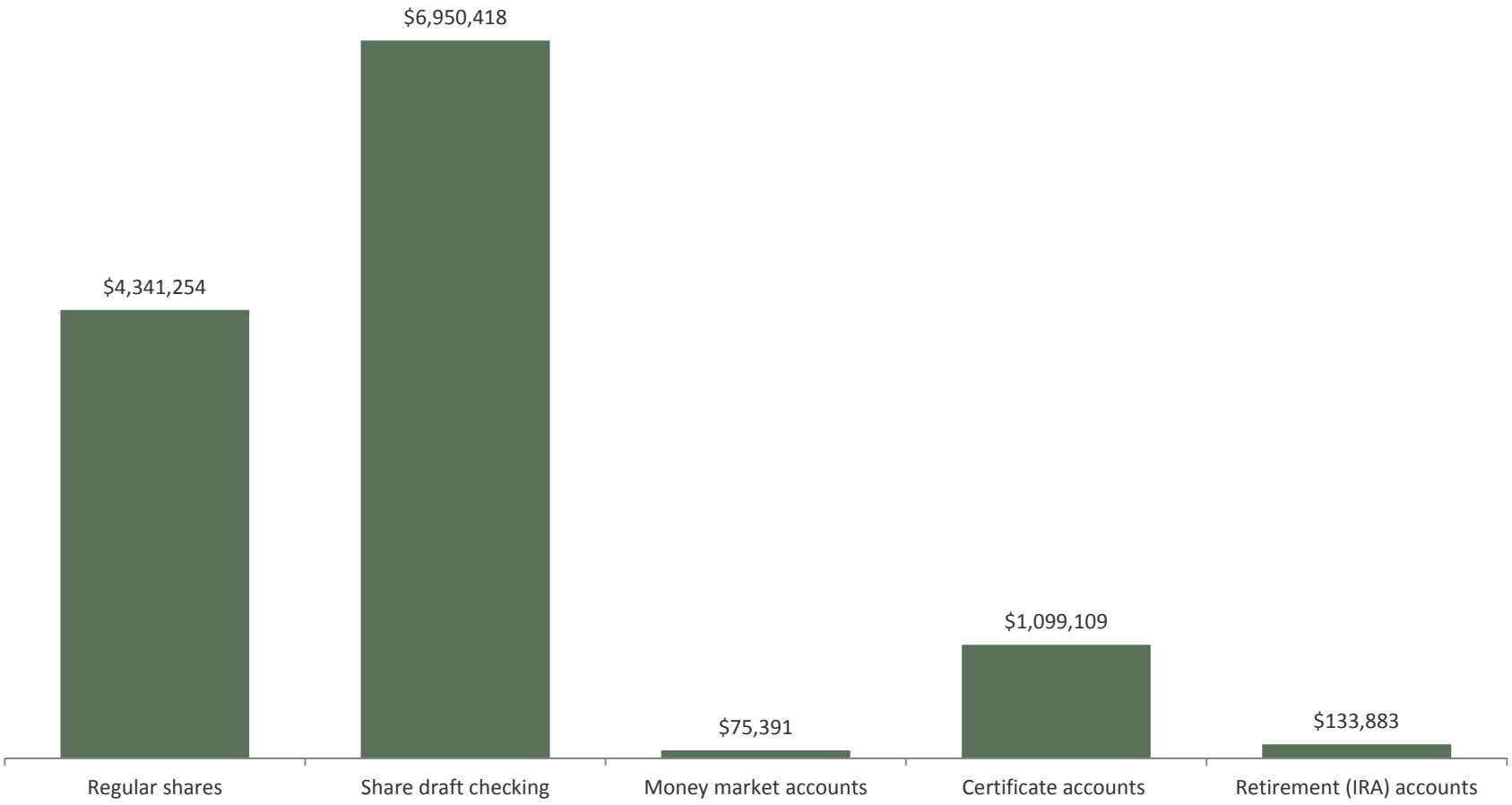
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Wyoming Credit Unions

Year-End 2013

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Wyoming Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	186,194,349	-1.69	$3,146,684
Used car loans	536,123,855	-1.87	$10,025,516
Personal unsecured loans	46,703,726	1.03	-$481,048
5-year adjustable rate 1st mortgage	59,838,249	-0.02	$11,968
15-year fixed rate 1st mortgage	164,067,375	-0.02	$32,813
30-year fixed rate 1st mortgage	109,749,507	-0.10	$109,750
Home equity / 2nd mortgage loans	114,034,083	-0.16	$182,455
Credit cards	56,920,915	-4.17	$1,855,622
Interest rebates in period			$27,010
Total CU member benefits arising from lower interest rates on loan products:			$14,910,769
Savings			
Regular shares	542,656,802	0.80	$4,341,254
Share draft checking	397,166,768	1.75	$6,950,418
Money market accounts	376,956,726	0.02	$75,391
Certificate accounts	523,385,217	0.21	$1,099,109
Retirement (IRA) accounts	116,420,242	0.12	$133,883
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$12,600,056
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$2,392,370
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$29,903,195
Total CU member benefit / member:			$133
Total CU member benefit / member household:			$252

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;

Wyoming
Performance Profile

Demographic Information	Dec 13	Dec 12
Number of branches	63	60
Total assets ($ mil)	2,306	2,168
Total loans ($ mil)	1,522	1,375
Total surplus funds ($ mil)	658	668
Total savings ($ mil)	2,021	1,923
Total members (thousands)	229	221
Growth Rates (Trailing 12 months) *		
Total assets	6.4 %	6.5 %
Total loans	10.7 %	7.6 %
Total surplus funds	-1.5 %	4.1 %
Total savings	5.1 %	6.3 %
Total members	3.5 %	3.2 %
Earnings - Basis Pts. *		
Yield on total assets	383	409
Dividend/interest cost of assets	57	66
Fee & other income	145	148
Operating expense	369	372
Loss Provisions	27	32
Net Income (ROA) after stabilization exp	76	88
Capital adequacy		
Net worth / assets	10.4	10.2
Asset quality *		
Delinquencies / loans	0.9	0.9
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	17	15
Bankruptcies per 1000 members	2.2	2.0
Asset/Liability Management		
Loans / savings	75.3	71.5
Loans / assets	66.0	63.4
Long-term assets / assets	28.7	24.1
Core deposits/shares & borrowings	48.2	46.7
Productivity		
Members/potential members	15.4	15.1
Borrowers/members	56.8	55.1
Members/FTE	331	325
Average shares/members ($)	8,819	8,681
Average loan balances ($)	11,691	11,270
Salary & Benefits/FTE	56,682	55,650

*** 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.**