The Benefits of Membership

Customized Analysis of Member Benefits For:

Utah

September 2014

Prepared by:

Credit Union National Association Economics and Statistics Department



Utah

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high savings rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Utah credit unions provided \$161,146,323 in direct financial benefits to the state's 1,903,208 members during the twelve months ending September 2014.

These benefits are equivalent to \$85 per member or \$161 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 \$136 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.

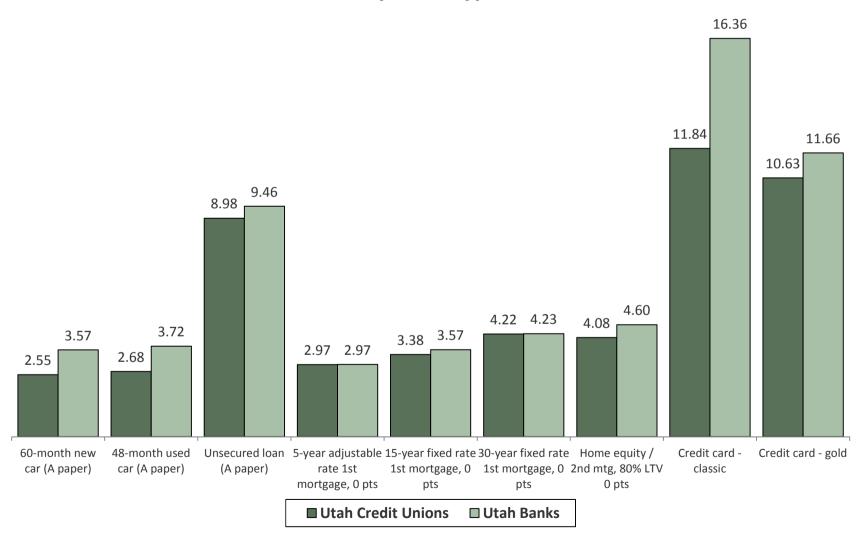
Utah credit unions excel in providing member benefits on many loan and savings products. In particular, Utah credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate, home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



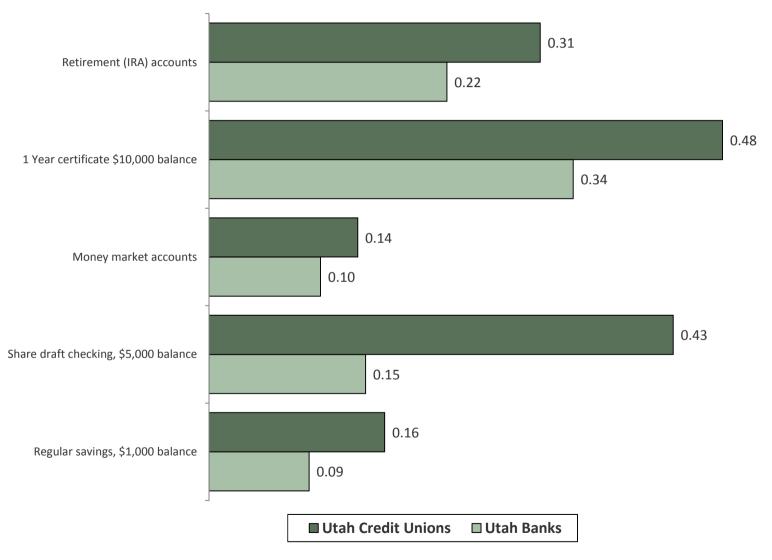
Loan Product Comparative Interest Rates (%)

By Loan Type



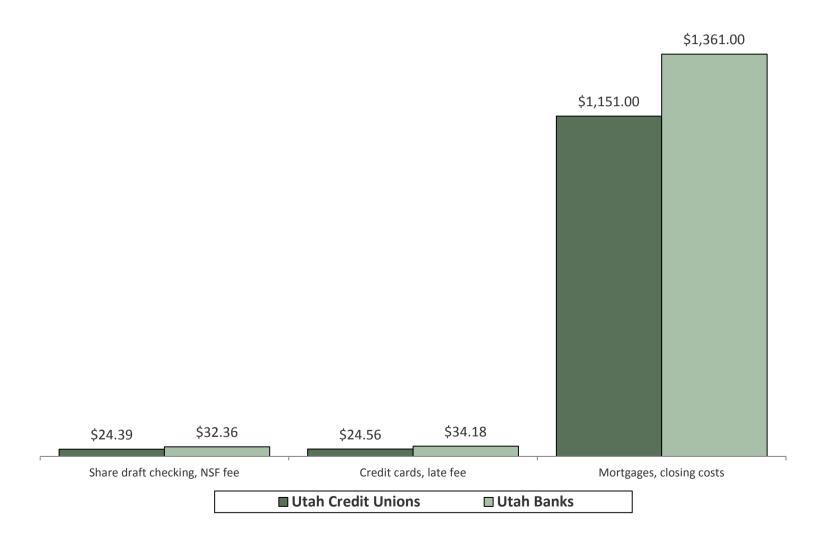
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Utah

Credit Union and Banking Institution

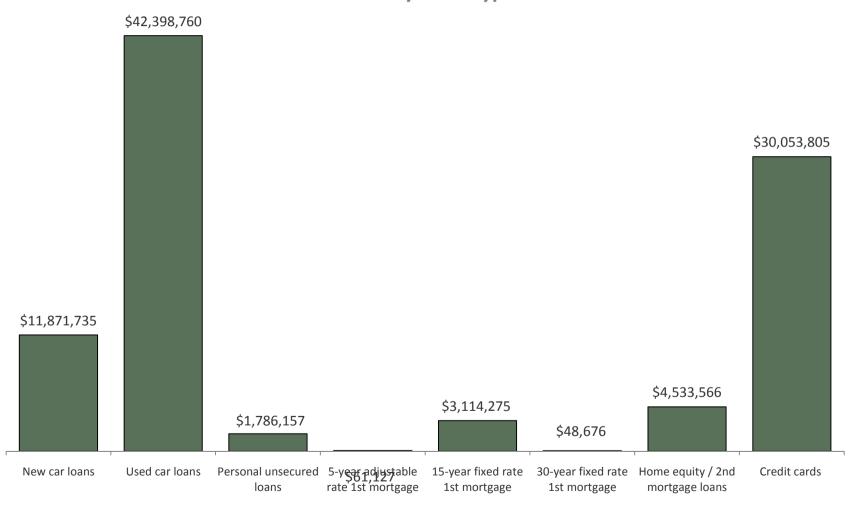
September 2014 Average Interest Rates and Fees

<u> </u>			
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.55	3.57	-1.02
48-month used car (A paper)	2.68	3.72	-1.04
Unsecured loan (A paper)	8.98	9.46	-0.49
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.97	0.00
15-year fixed rate 1st mortgage, 0 pts	3.38	3.57	-0.20
30-year fixed rate 1st mortgage, 0 pts	4.22	4.23	-0.01
Home equity / 2nd mtg, 80% LTV 0 pts	4.08	4.60	-0.53
Credit card - classic	11.84	16.36	-4.52
Credit card - gold	10.63	11.66	-1.03
Savings Products			
Regular savings, \$1,000 balance	0.16	0.09	0.07
Share draft checking, \$5,000 balance	0.43	0.15	0.29
Money market accounts	0.14	0.10	0.03
1 Year certificate \$10,000 balance	0.48	0.34	0.14
Retirement (IRA) accounts	0.31	0.22	0.09
Fee Income			
Share draft checking, NSF fee	\$24.39	\$32.36	-\$7.97
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Informa Research Services

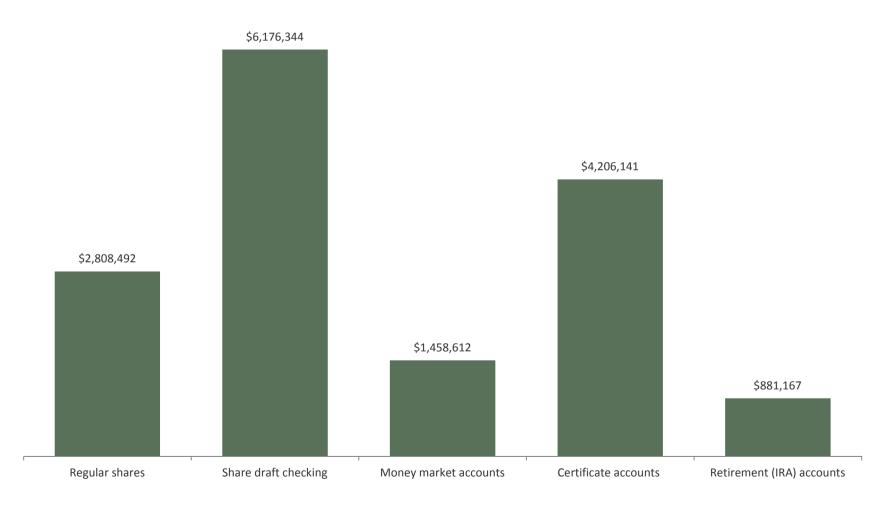
State Credit Unions' Total Loan Rate Benefits

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 September 2014

	Avg. Balance at	Rate Difference vs. Utah	Total Financial Benefit to Your
<u>Loans</u>	Credit Unions (1)	Banks (%) (2)	Members
New car loans	1,163,895,569	-1.02	\$11,871,735
Used car loans	4,068,978,871	-1.04	\$42,398,760
Personal unsecured loans	365,267,285	-0.49	\$1,786,157
5-year adjustable rate 1st mortgage	1,528,182,828	0.00	\$61,127
15-year fixed rate 1st mortgage	1,580,850,121	-0.20	\$3,114,275
30-year fixed rate 1st mortgage	374,434,267	-0.01	\$48,676
Home equity / 2nd mortgage loans	861,894,761	-0.53	\$4,533,566
Credit cards	823,956,281	-4.52	\$30,053,805
Interest rebates in period			\$7,902
Total CU member benefits arising from lower interest	\$93,876,004		
Savings			
Regular shares	3,983,677,053	0.07	\$2,808,492
Share draft checking	2,151,088,569	0.29	\$6,176,344
Money market accounts	4,194,879,806	0.03	\$1,458,612
Certificate accounts	3,017,062,941	0.14	\$4,206,141
Retirement (IRA) accounts	1,011,771,581	0.09	\$881,167
Bonus dividends in period	\$0		
Total CU member benefit arising from higher interest i	\$15,530,756		
Fee Income			
Total CU member benefit arising from fewer / lower fe	es:		\$51,739,564
Total CU member benefit arising from interest rate	\$161,146,323		
Total CU member benefit / member:			\$85
Total CU member benefit / member household:			\$161

Utah Performance Profile

Demographic Information	Sep 14	Sep 13
Number of branches	Sep 14 426	Зер 13 420
Total assets (\$ mil)	17,626	16,528
Total loans (\$ mil)	12,501	11,059
Total loans (\$ mil) Total surplus funds (\$ mil)	4,290	4,781
Total surplus furius (\$ mil) Total savings (\$ mil)	4,290 15,516	14,741
Total savings (\$ fill) Total members (thousands)	1,967	1,867
· · · · · · · · · · · · · · · · · · ·	1,907	1,007
Growth Rates (Trailing 12 months) *		
Total assets	8.3 %	6.7 %
Total loans	14.5 %	6.5 %
Total surplus funds	-8.3 %	6.0 %
Total savings	6.8 %	6.2 %
Total members	6.9 %	4.3 %
Earnings - Basis Pts. *		
Yield on total assets	341	354
Dividend / interest cost of assets	45	52
Fee & other income	215	231
Operating expense	358	383
Loss Provisions	-8	5
Net Income (ROA) after stabilization exp	161	145
Capital adequacy		
Net worth / assets	10.8	9.9
Asset quality *		
Delinquencies / loans	0.6	1.5
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	38	44
Bankruptcies per 1000 members	1.4	1.8
Asset/Liability Management		
Loans / savings	80.6	75.0
Loans / assets	70.9	66.9
Long-term assets / assets	28.4	28.4
Core deposits/shares & borrowings	41.8	40.0
		10.0
Productivity Members / petential members	8.3	8.1
Members / potential members		
Borrowers / members	64.1	62.8
Members / FTE	353	352
Average shares / members (\$)	7,888	7,896
Average loan balances (\$)	9,917	9,432
Salary & Benefits / FTE	55,768	56,659

^{*} 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.