The Benefits of Membership

Customized Analysis of Member Benefits For:

Colorado

March 2014

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AMERICA'S CREDIT UNIONS

Colorado

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 Colorado credit unions provided $83,329,072 in direct financial benefits to the state's 1,528,694 members during the twelve months ending March 2014.

These benefits are equivalent to $55 per member or $104 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 Colorado 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 Colorado credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Colorado credit union will save members an average $109 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.

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

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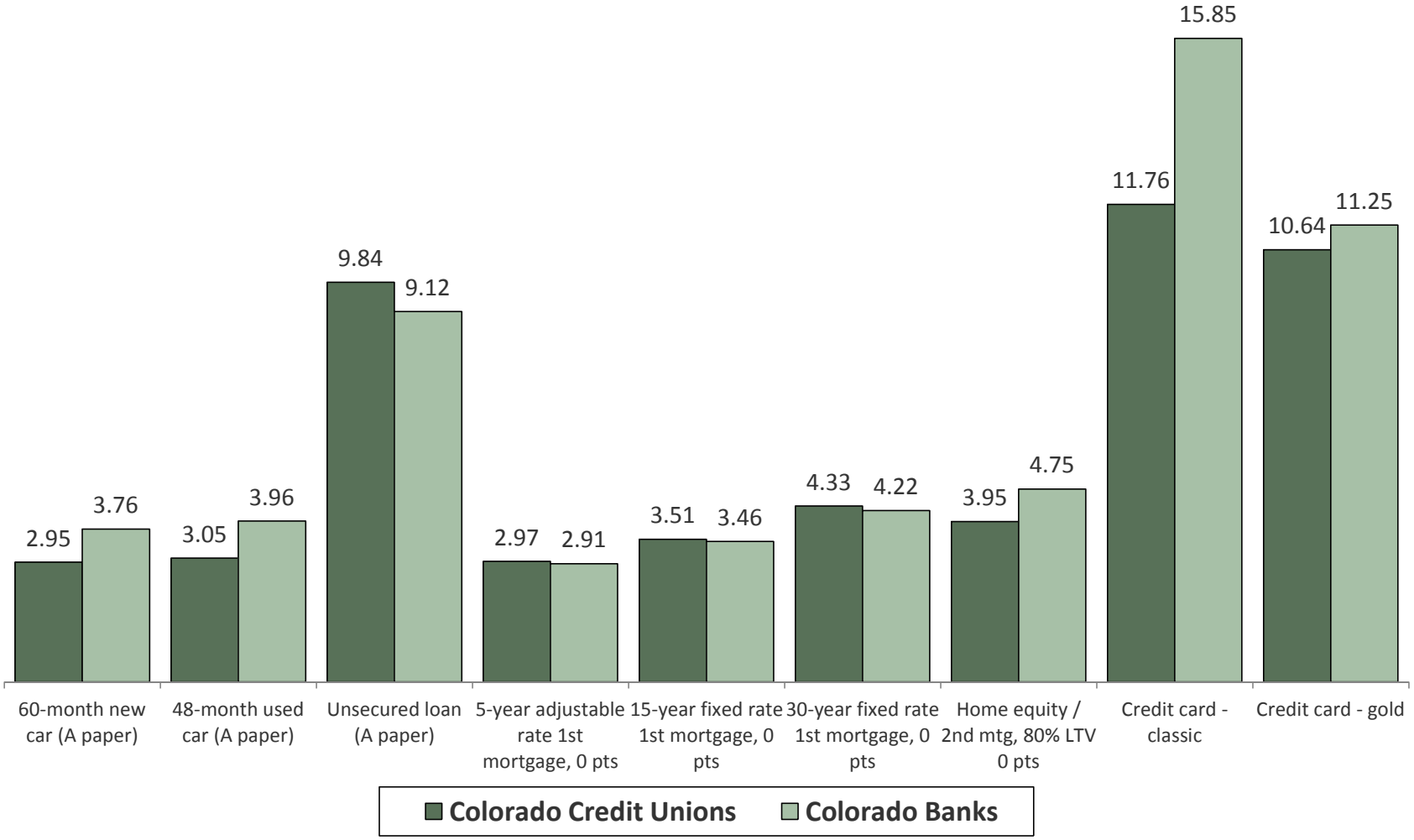
Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

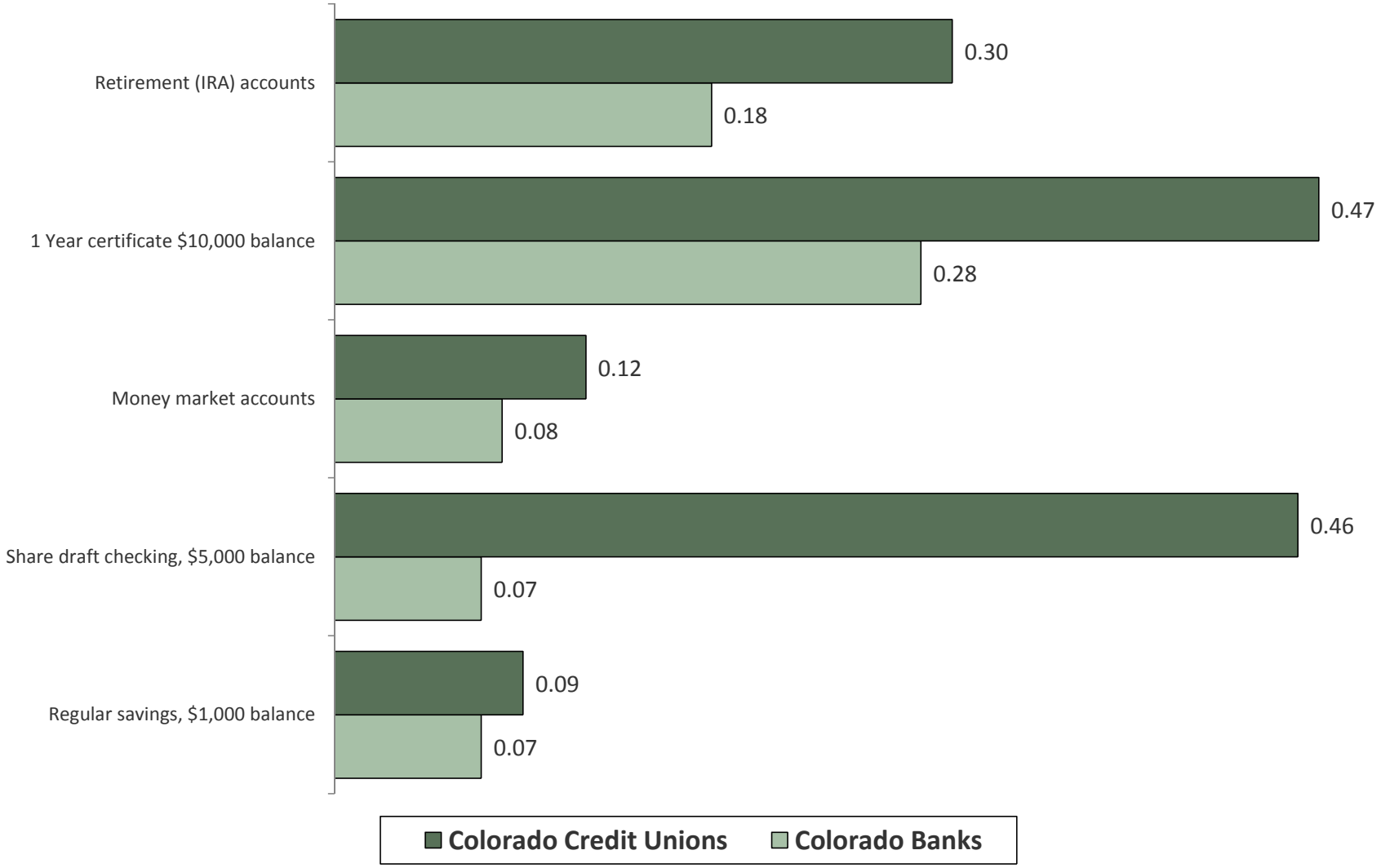
Loan Product Comparative Interest Rates (%)

By Loan Type



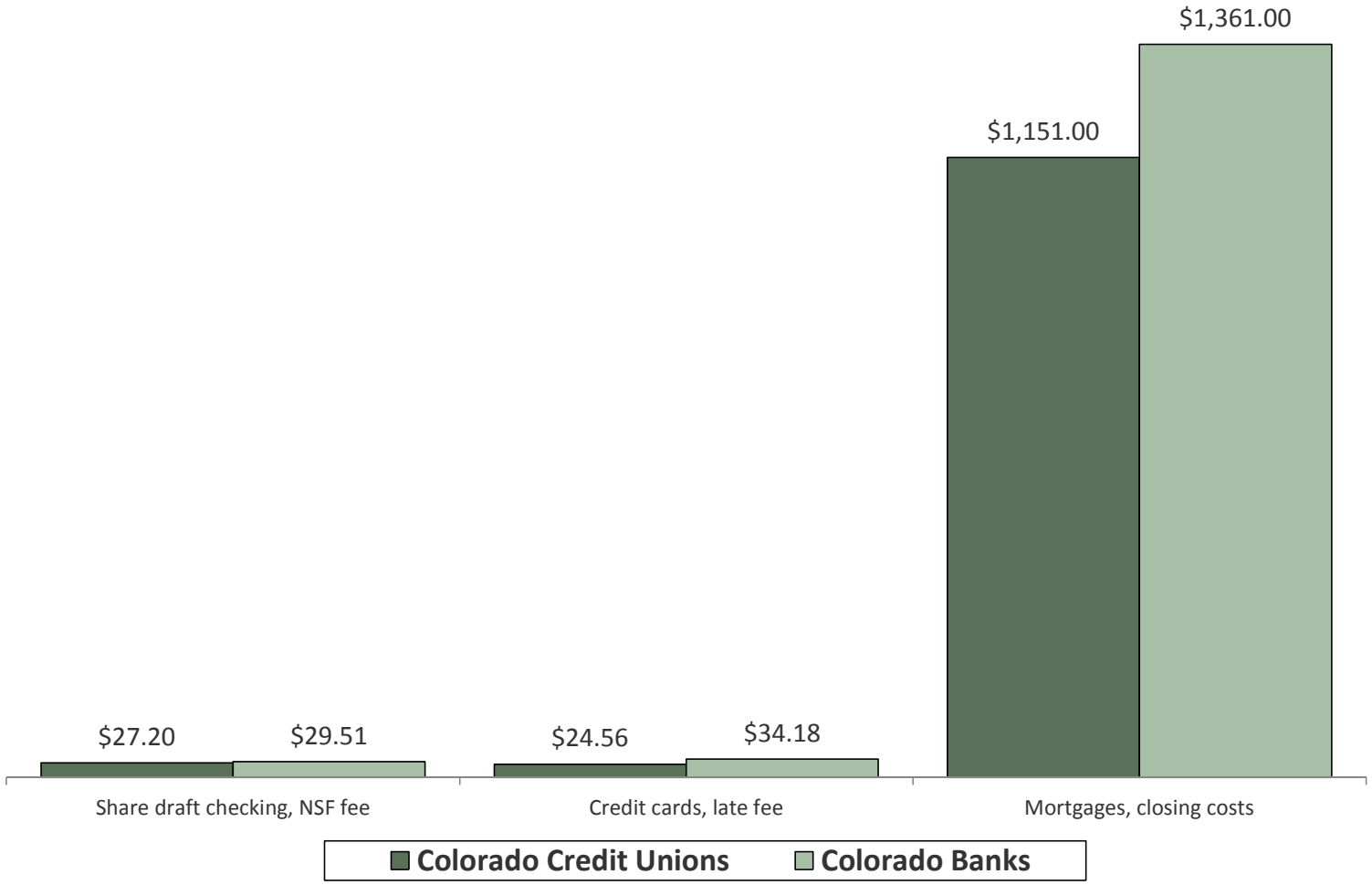
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Colorado

Credit Union and Banking Instituion

First-Quarter 2014 Average Interest Rates and Fees

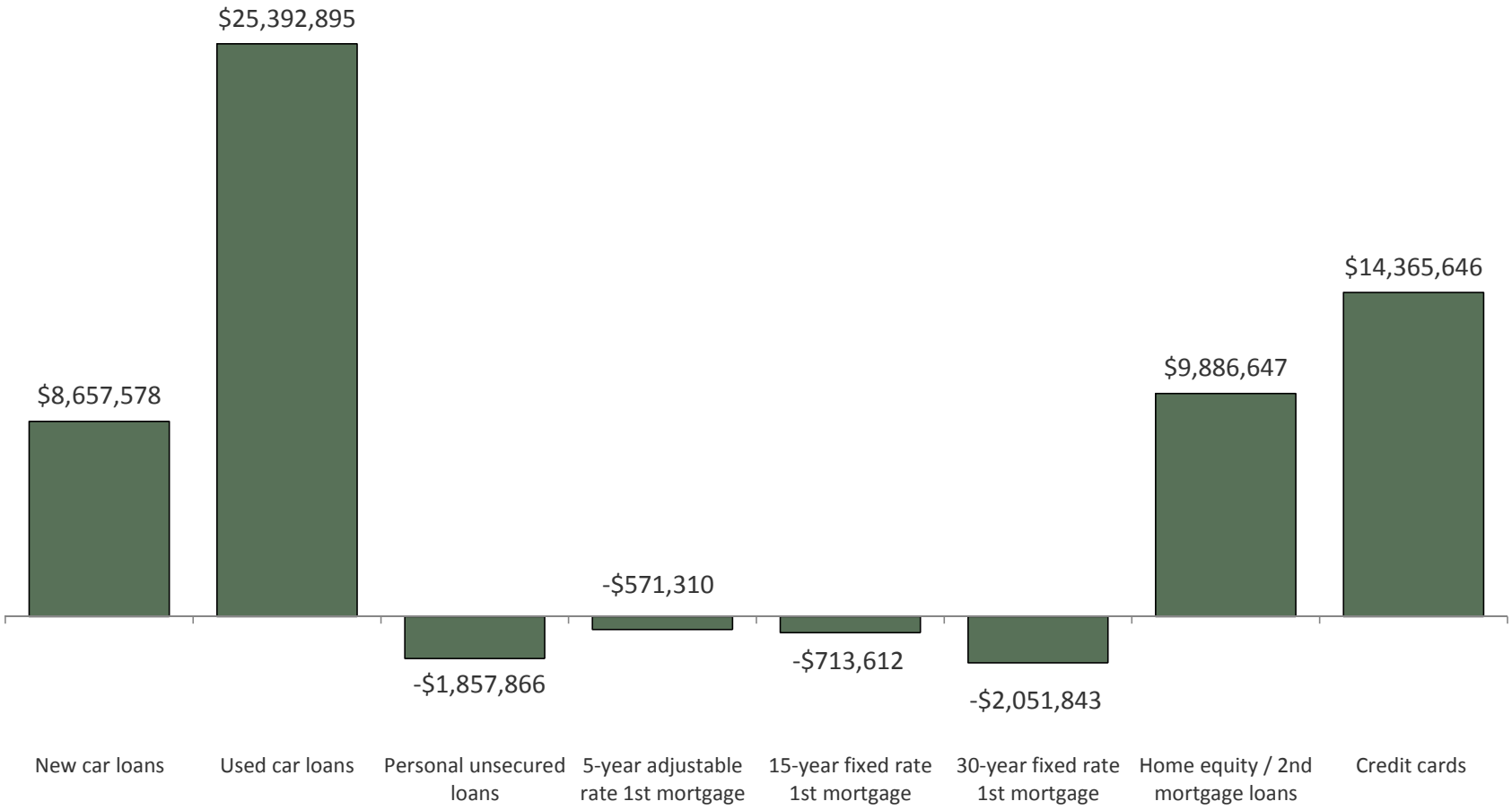
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.95	3.76	-0.81
48-month used car (A paper)	3.05	3.96	-0.91
Unsecured loan (A paper)	9.84	9.12	0.72
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.91	0.06
15-year fixed rate 1st mortgage, 0 pts	3.51	3.46	0.05
30-year fixed rate 1st mortgage, 0 pts	4.33	4.22	0.11
Home equity / 2nd mtg, 80% LTV 0 pts	3.95	4.75	-0.80
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	0.09	0.07	0.02
Share draft checking, $5,000 balance	0.46	0.07	0.39
Money market accounts	0.12	0.08	0.04
1 Year certificate $10,000 balance	0.47	0.28	0.19
Retirement (IRA) accounts	0.30	0.18	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

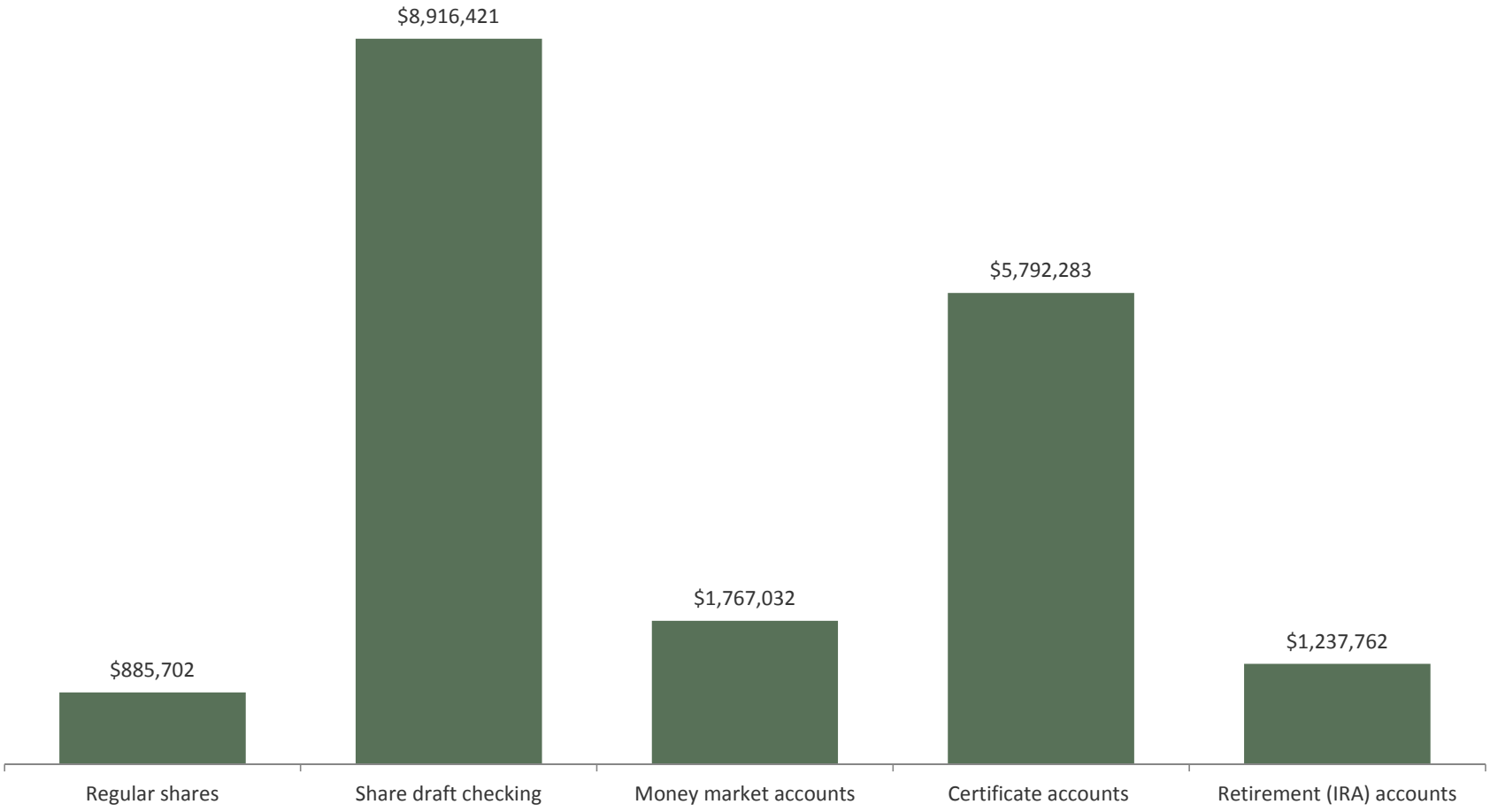
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Colorado Credit Unions

First-Quarter 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Colorado Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,068,836,847	-0.81	$8,657,578
Used car loans	2,790,428,002	-0.91	$25,392,895
Personal unsecured loans	258,037,007	0.72	-$1,857,866
5-year adjustable rate 1st mortgage	952,183,730	0.06	-$571,310
15-year fixed rate 1st mortgage	1,427,224,441	0.05	-$713,612
30-year fixed rate 1st mortgage	1,865,312,008	0.11	-$2,051,843
Home equity / 2nd mortgage loans	1,235,830,905	-0.80	$9,886,647
Credit cards	446,138,061	-4.09	$14,365,646
Interest rebates in period			$0
Total CU member benefits arising from lower interest rates on loan products:			$53,108,134
Savings			
Regular shares	4,428,510,498	0.02	$885,702
Share draft checking	2,286,261,685	0.39	$8,916,421
Money market accounts	4,417,580,901	0.04	$1,767,032
Certificate accounts	3,048,570,000	0.19	$5,792,283
Retirement (IRA) accounts	1,076,315,095	0.12	$1,237,762
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$18,599,200
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$11,621,738
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$83,329,072
Total CU member benefit / member:			$55
Total CU member benefit / member household:			$104

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;

Colorado
Performance Profile

Demographic Information	Mar 14	Mar 13
Number of branches	296	296
Total assets ($ mil)	18,530	17,508
Total loans ($ mil)	10,981	9,866
Total surplus funds ($ mil)	6,924	7,033
Total savings ($ mil)	15,731	15,038
Total members (thousands)	1,559	1,502
Growth Rates (Trailing 12 months) *		
Total assets	5.9 %	6.0 %
Total loans	11.4 %	5.8 %
Total surplus funds	-1.4 %	6.0 %
Total savings	4.7 %	5.8 %
Total members	4.1 %	3.7 %
Earnings - Basis Pts. *		
Yield on total assets	318	318
Dividend/interest cost of assets	39	45
Fee & other income	113	141
Operating expense	300	309
Loss Provisions	20	24
Net Income (ROA) after stabilization exp	72	82
Capital adequacy		
Net worth / assets	11.0	10.8
Asset quality *		
Delinquencies / loans	0.5	0.6
Net chargeoffs / average loans	0.3	0.4
Total borrower-bankruptcies	10	12
Bankruptcies per 1000 members	0.6	0.8
Asset/Liability Management		
Loans / savings	69.8	65.6
Loans / assets	59.3	56.4
Long-term assets / assets	34.5	32.4
Core deposits/shares & borrowings	44.6	42.6
Productivity		
Members/potential members	6.8	8.1
Borrowers/members	56.8	55.2
Members/FTE	396	379
Average shares/members ($)	10,089	10,012
Average loan balances ($)	12,392	11,898
Salary & Benefits/FTE	68,705	66,259

*** 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.**