The Benefits of Membership

Customized Analysis of Member Benefits For:

Oregon

March 2015

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AMERICA'S CREDIT UNIONS

Oregon

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 Oregon credit unions provided $83,971,906 in direct financial benefits to the state's 1,517,273 members during the twelve months ending March 2015.

These benefits are equivalent to $55 per member or $105 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 Oregon 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 Oregon credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a Oregon credit union will save members an average $89 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.

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

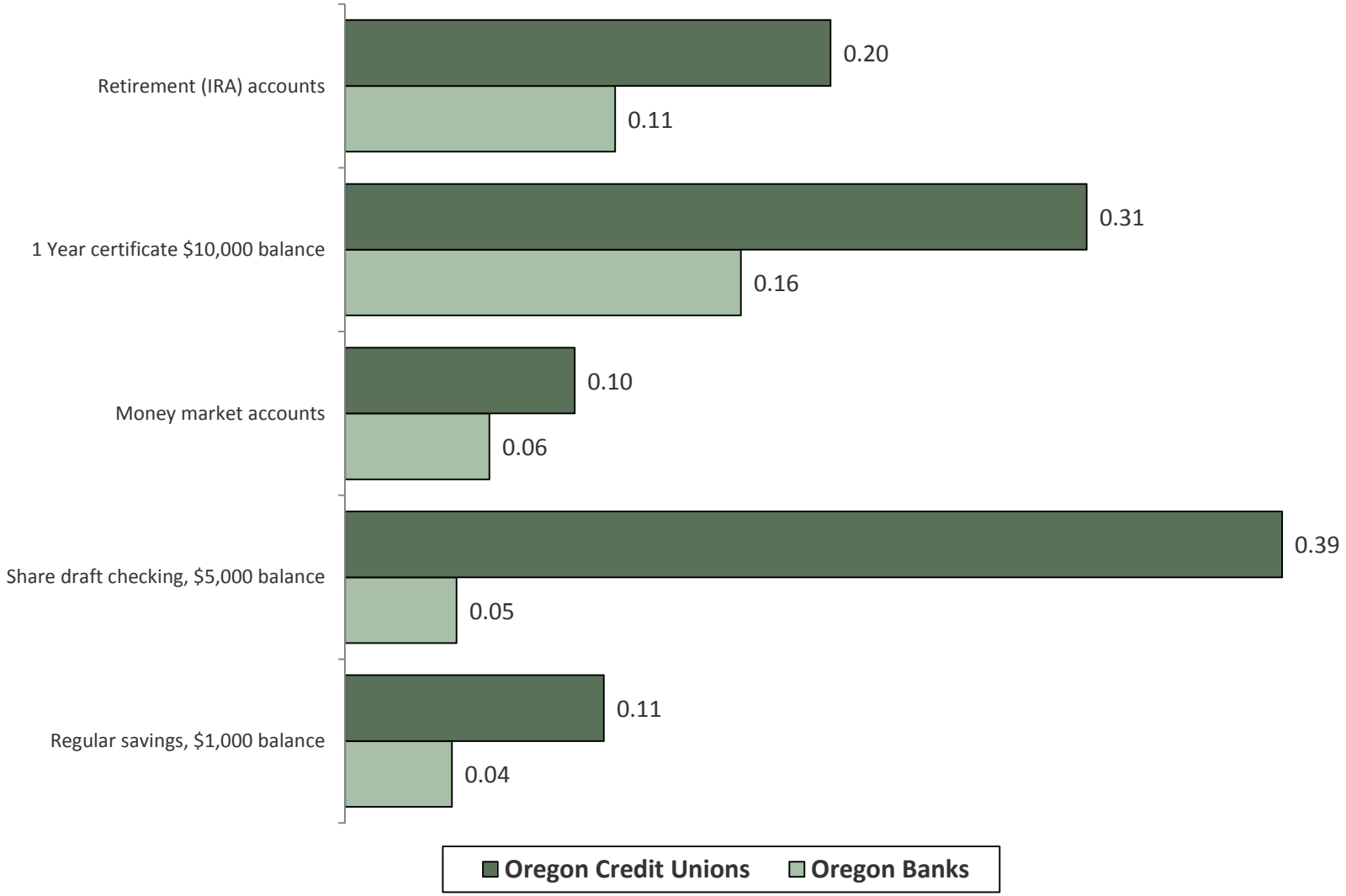
Oregon credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS

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

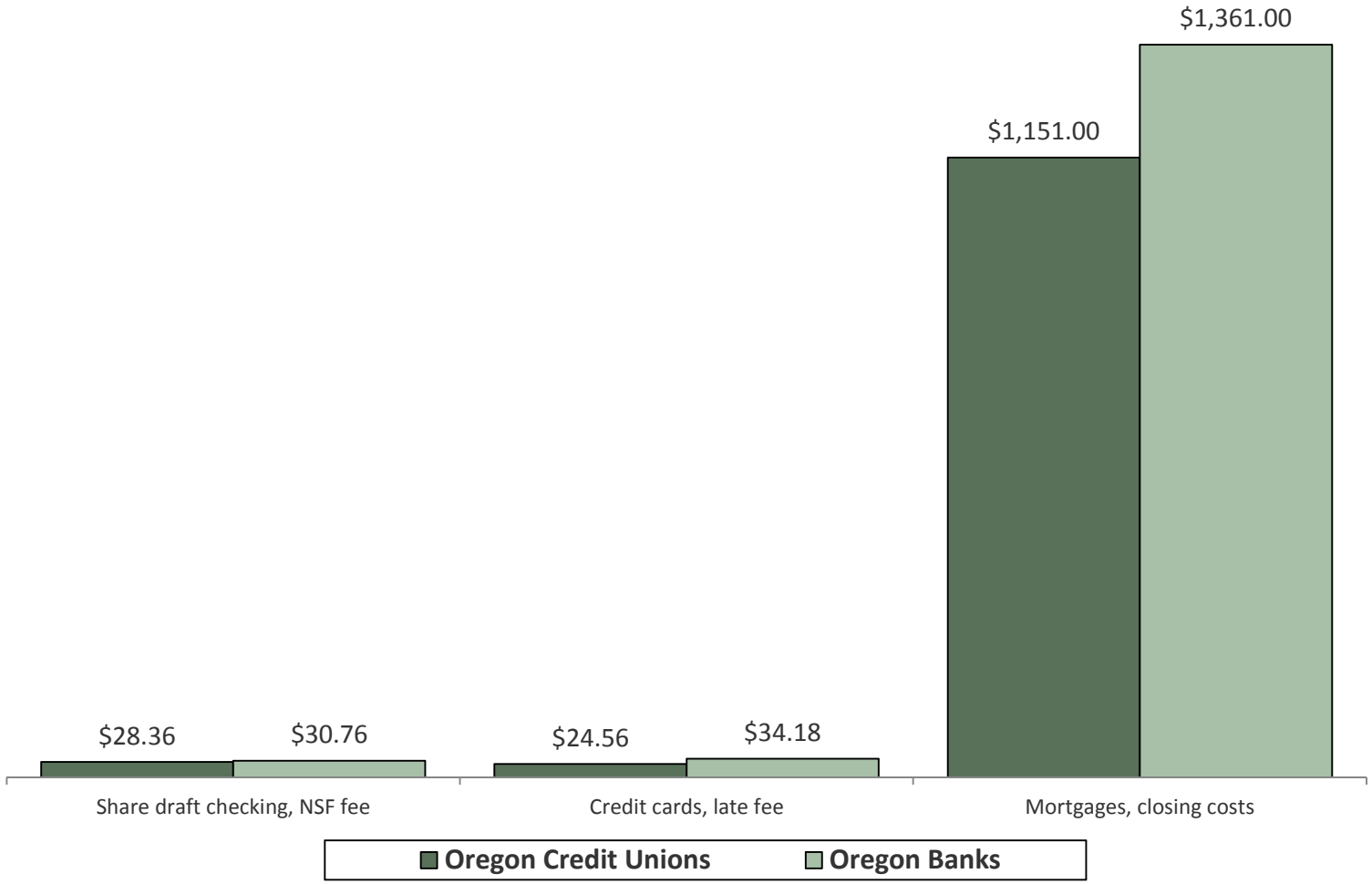
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Oregon
Credit Union and Banking Institution
First-Quarter 2015 Average Interest Rates and Fees

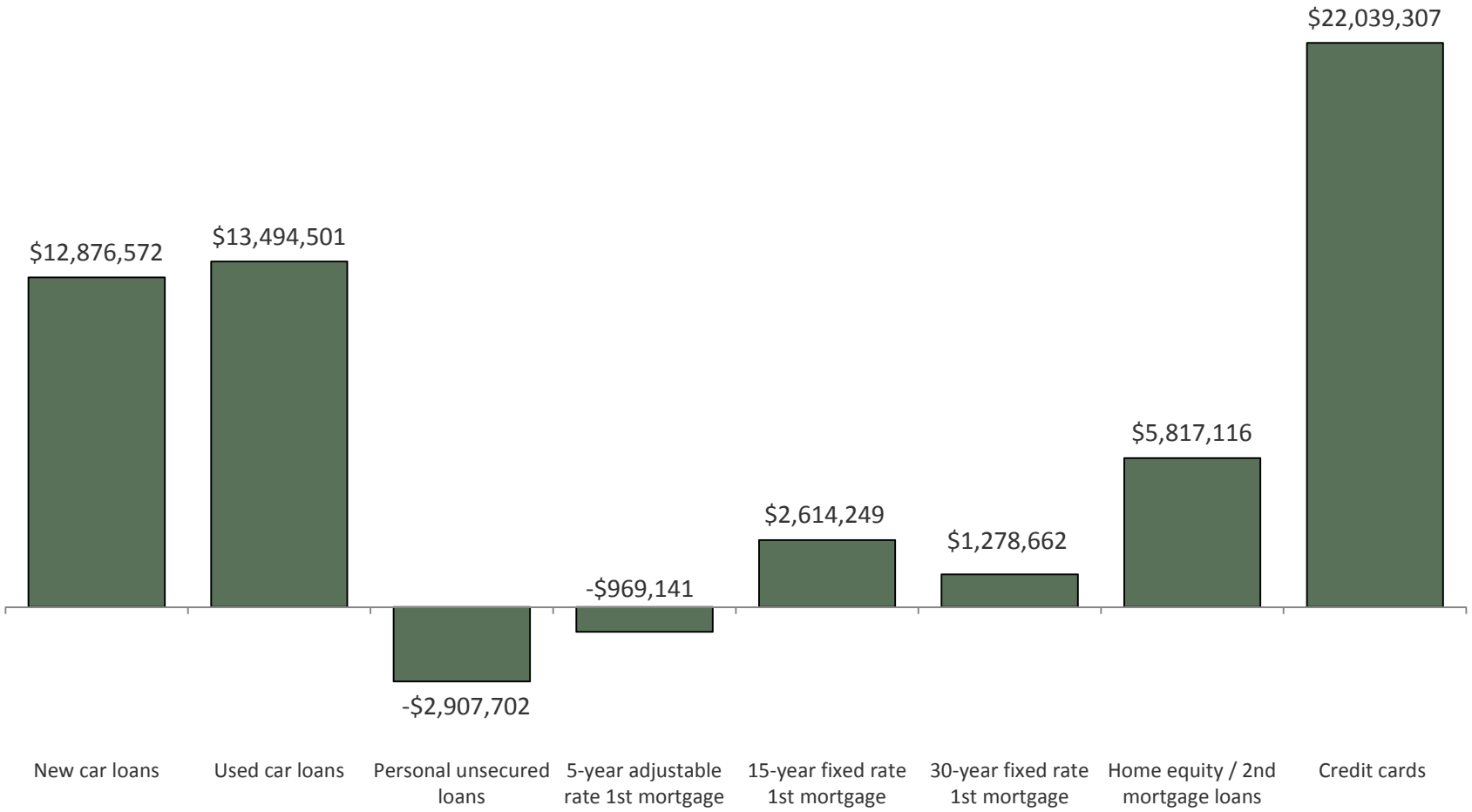
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.66	3.33	-0.67
48-month used car (A paper)	2.67	3.24	-0.57
Unsecured loan (A paper)	9.56	8.41	1.16
5-year adjustable rate 1st mortgage, 0 pts	3.06	2.99	0.06
15-year fixed rate 1st mortgage, 0 pts	3.02	3.23	-0.21
30-year fixed rate 1st mortgage, 0 pts	3.72	3.84	-0.12
Home equity / 2nd mtg, 80% LTV 0 pts	4.13	4.59	-0.46
Credit card - classic	11.81	15.77	-3.96
Credit card - gold	10.51	14.46	-3.95
Savings Products			
Regular savings, $1,000 balance	0.11	0.04	0.06
Share draft checking, $5,000 balance	0.39	0.05	0.34
Money market accounts	0.10	0.06	0.04
1 Year certificate $10,000 balance	0.31	0.16	0.14
Retirement (IRA) accounts	0.20	0.11	0.09
Fee Income			
Share draft checking, NSF fee	$28.36	$30.76	-$2.40
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

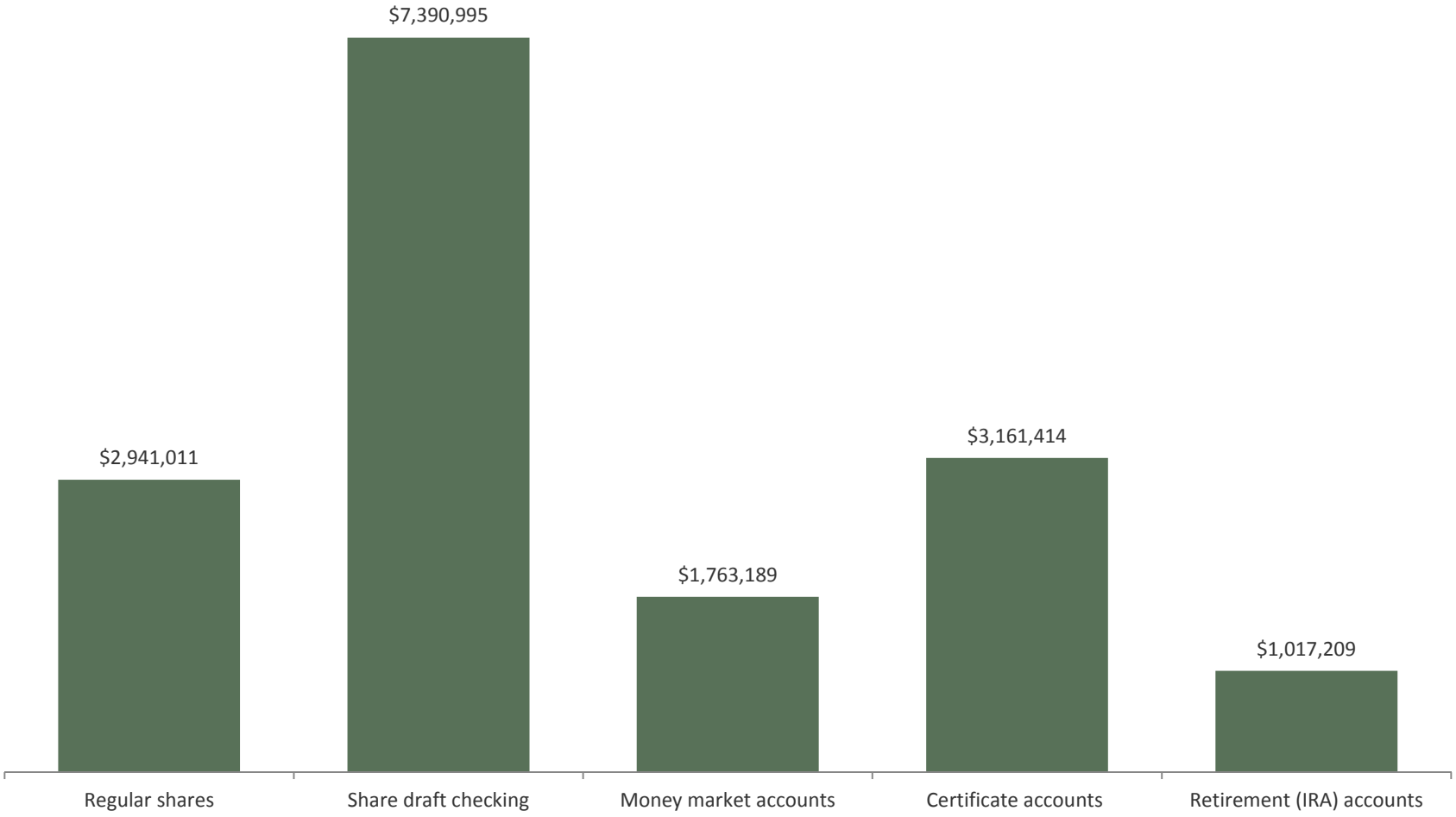
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Oregon Credit Unions

First-Quarter 2015

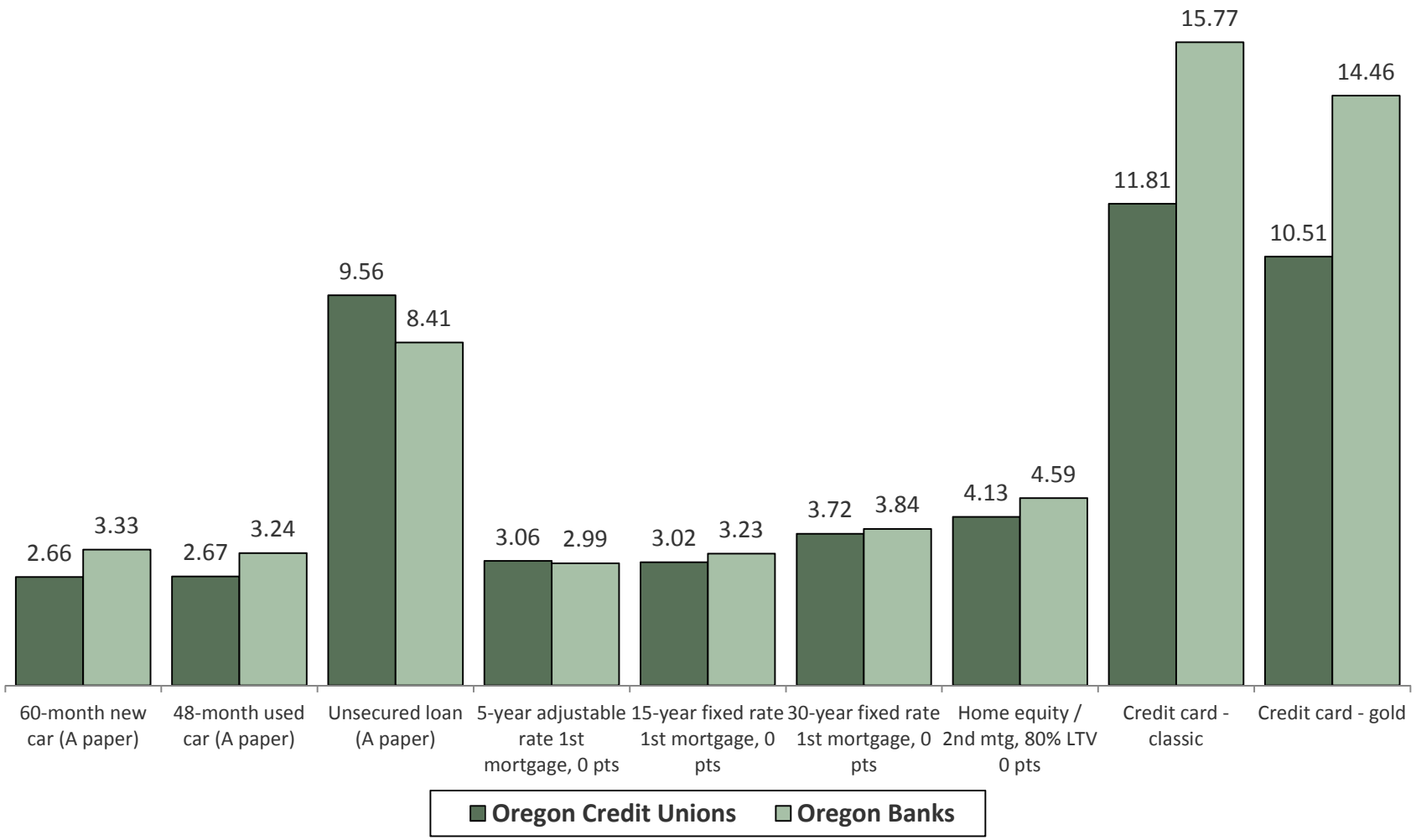
Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Oregon Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,919,012,233	-0.67	$12,876,572
Used car loans	2,350,958,300	-0.57	$13,494,501
Personal unsecured loans	251,749,125	1.16	-$2,907,702
5-year adjustable rate 1st mortgage	1,538,318,909	0.06	-$969,141
15-year fixed rate 1st mortgage	1,238,980,669	-0.21	$2,614,249
30-year fixed rate 1st mortgage	1,092,873,650	-0.12	$1,278,662
Home equity / 2nd mortgage loans	1,261,847,361	-0.46	$5,817,116
Credit cards	556,899,732	-3.96	$22,039,307
Interest rebates in period			$0
Total CU member benefits arising from lower interest rates on loan products:			$54,243,564
Savings			
Regular shares	4,649,527,356	0.06	$2,941,011
Share draft checking	2,151,488,329	0.34	$7,390,995
Money market accounts	4,963,375,677	0.04	$1,763,189
Certificate accounts	2,197,788,104	0.14	$3,161,414
Retirement (IRA) accounts	1,134,206,543	0.09	$1,017,209
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on savings products:			$16,273,817
Fee Income			
Total CU member benefit arising from fewer / lower fees:			$13,454,524
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			$83,971,906
Total CU member benefit / member:			$55
Total CU member benefit / member household:			$105

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of first-quarter 2015 and first-quarter 2014, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

Loan Product Comparative Interest Rates (%)

By Loan Type



Oregon
Performance Profile

Demographic Information	Mar 15	Mar 14
Number of branches	290	290
Total assets ($ mil)	17,589	16,660
Total loans ($ mil)	11,719	10,580
Total surplus funds ($ mil)	5,157	5,372
Total savings ($ mil)	15,608	14,888
Total members (thousands)	1,553	1,491
Growth Rates (Trailing 12 months) *		
Total assets	5.9 %	4.9 %
Total loans	10.9 %	7.5 %
Total surplus funds	-3.5 %	0.1 %
Total savings	5.2 %	5.0 %
Total members	4.8 %	4.9 %
Earnings - Basis Pts. *		
Yield on total assets	329	332
Dividend / interest cost of assets	29	35
Fee & other income	145	119
Operating expense	328	328
Loss Provisions	20	17
Net Income (ROA) after stabilization exp	98	70
Capital adequacy		
Net worth / assets	10.0	9.7
Asset quality *		
Delinquencies / loans	0.5	0.6
Net chargeoffs / average loans	0.3	0.4
Total borrower-bankruptcies	13	15
Bankruptcies per 1000 members	0.5	0.7
Asset/Liability Management		
Loans / savings	75.1	71.1
Loans / assets	66.6	63.5
Long-term assets / assets	30.9	32.5
Core deposits/shares & borrowings	46.2	43.0
Productivity		
Members / potential members	2.7	3.0
Borrowers / members	60.0	57.4
Members / FTE	371	364
Average shares / members ($)	10,053	9,984
Average loan balances ($)	12,588	12,364
Salary & Benefits / FTE	71,841	71,371

*** 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.**