The Benefits of Membership

Customized Analysis of Member Benefits For:

Utah

June 2014

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Economics and Statistics Department

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 $147,764,685 in direct financial benefits to the state's 1,877,649 members during the twelve months ending June 2014.

These benefits are equivalent to $79 per member or $150 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 $149 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.

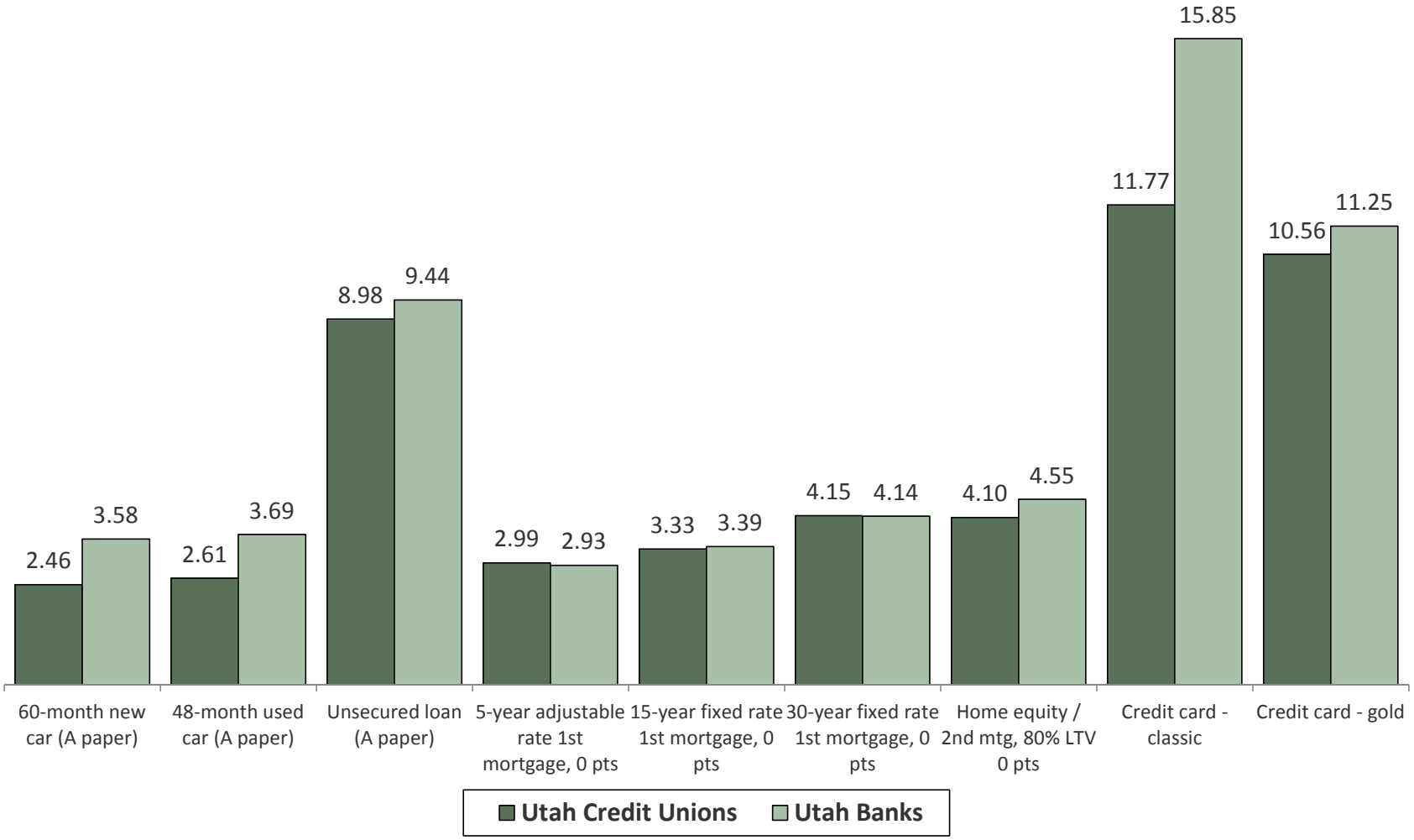
Utah credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

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

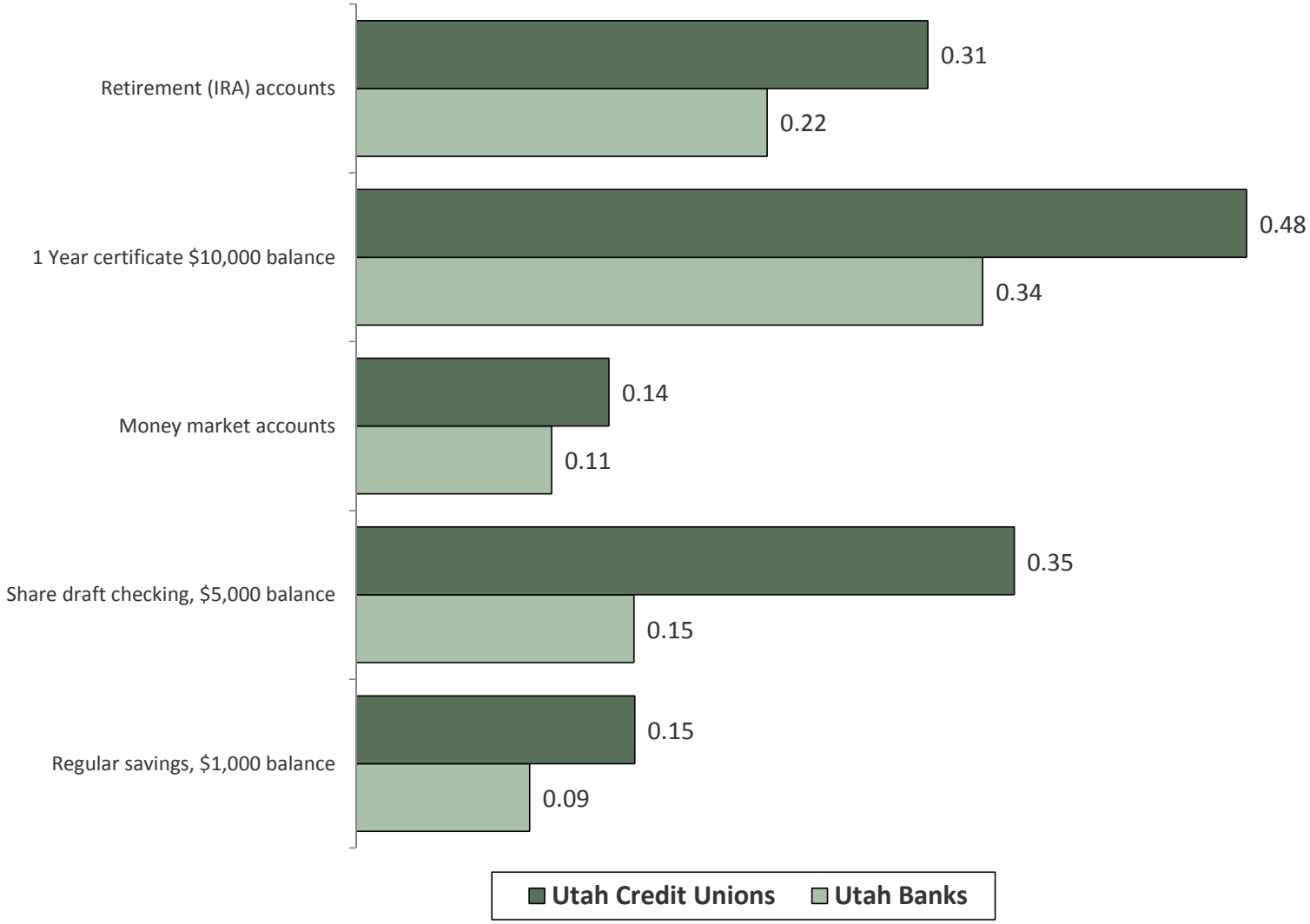
Loan Product Comparative Interest Rates (%)

By Loan Type



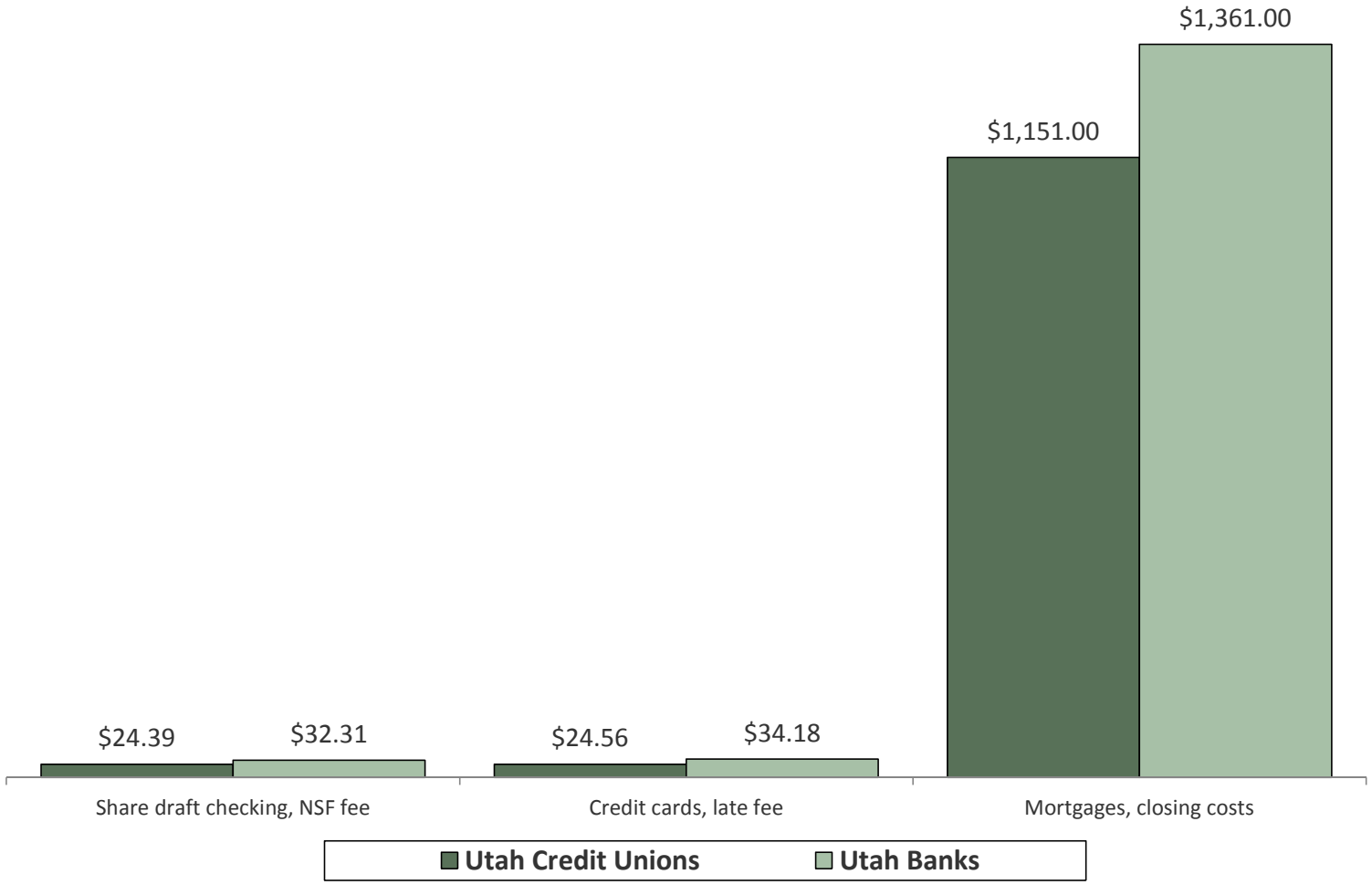
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Utah
Credit Union and Banking Instituion
Mid-Year 2014 Average Interest Rates and Fees

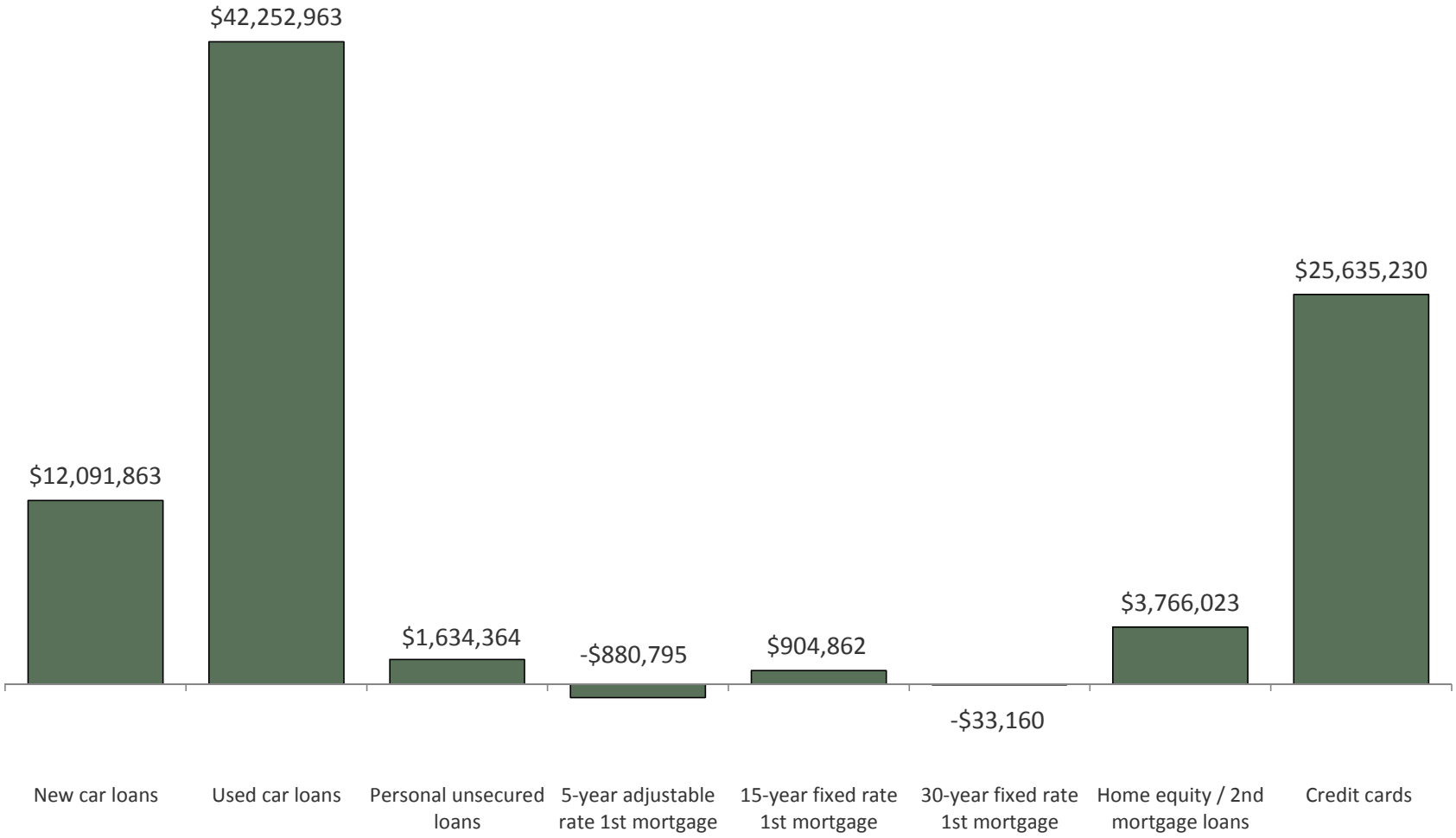
Loan Products	***Average Rate at Credit Unions (%)***	***Average Rate at Banks (%)***	***Rate Difference vs. Banks (%)***
60-month new car (A paper)	2.46	3.58	-1.12
48-month used car (A paper)	2.61	3.69	-1.07
Unsecured loan (A paper)	8.98	9.44	-0.46
5-year adjustable rate 1st mortgage, 0 pts	2.99	2.93	0.06
15-year fixed rate 1st mortgage, 0 pts	3.33	3.39	-0.06
30-year fixed rate 1st mortgage, 0 pts	4.15	4.14	0.01
Home equity / 2nd mtg, 80% LTV 0 pts	4.10	4.55	-0.45
Credit card - classic	11.77	15.85	-4.08
Credit card - gold	10.56	11.25	-0.69
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	0.11	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	$32.31	-$7.92
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

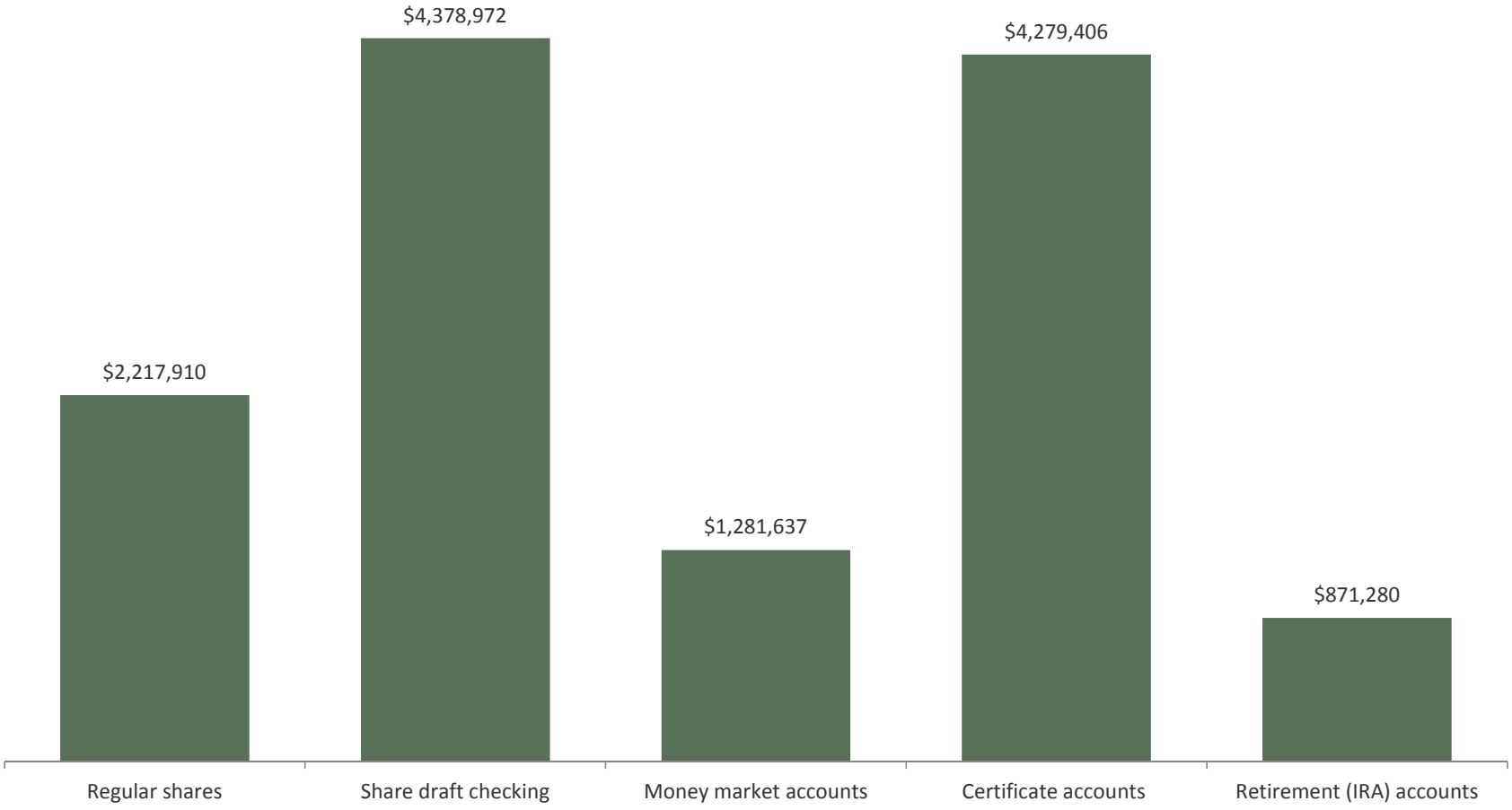
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for Utah Credit Unions

Mid-Year 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Utah Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,081,561,955	-1.12	$12,091,863
Used car loans	3,937,834,350	-1.07	$42,252,963
Personal unsecured loans	352,233,577	-0.46	$1,634,364
5-year adjustable rate 1st mortgage	1,518,612,300	0.06	-$880,795
15-year fixed rate 1st mortgage	1,508,104,034	-0.06	$904,862
30-year fixed rate 1st mortgage	368,447,411	0.01	-$33,160
Home equity / 2nd mortgage loans	836,894,052	-0.45	$3,766,023
Credit cards	793,046,559	-4.08	$25,635,230
Interest rebates in period			$5,625
Total CU member benefits arising from lower interest rates on loan products:			$85,376,974
Savings			
Regular shares	3,925,505,293	0.06	$2,217,910
Share draft checking	2,139,291,043	0.20	$4,378,972
Money market accounts	4,154,689,233	0.03	$1,281,637
Certificate accounts	3,012,746,281	0.14	$4,279,406
Retirement (IRA) accounts	1,007,893,781	0.09	$871,280
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$13,029,205
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$49,358,506
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$147,764,685
Total CU member benefit / member:			$79
Total CU member benefit / member household:			$150

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2014 and June 2013, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Utah
Performance Profile

Demographic Information	Jun 14	Jun 13
Number of branches	423	420
Total assets ($ mil)	17,355	16,419
Total loans ($ mil)	12,010	10,765
Total surplus funds ($ mil)	4,610	4,994
Total savings ($ mil)	15,386	14,673
Total members (thousands)	1,936	1,853
Growth Rates (Trailing 12 months) *		
Total assets	7.8 %	7.6 %
Total loans	13.4 %	6.3 %
Total surplus funds	-5.0 %	9.7 %
Total savings	7.0 %	7.0 %
Total members	6.4 %	5.5 %
Earnings - Basis Pts. *		
Yield on total assets	336	351
Dividend/interest cost of assets	45	52
Fee & other income	211	233
Operating expense	356	375
Loss Provisions	10	5
Net Income (ROA) after stabilization exp	136	151
Capital adequacy		
Net worth / assets	10.4	9.7
Asset quality *		
Delinquencies / loans	0.7	1.5
Net chargeoffs / average loans	0.4	0.6
Total borrower-bankruptcies	26	31
Bankruptcies per 1000 members	1.0	1.3
Asset/Liability Management		
Loans / savings	78.1	73.4
Loans / assets	69.2	65.6
Long-term assets / assets	29.1	27.9
Core deposits/shares & borrowings	41.8	39.8
Productivity		
Members/potential members	8.5	8.0
Borrowers/members	63.3	61.2
Members/FTE	350	348
Average shares/members ($)	7,947	7,917
Average loan balances ($)	9,801	9,488
Salary & Benefits/FTE	55,605	56,287

*** 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.**