

The Benefits of Membership

Customized Analysis of Member Benefits For:

Idaho

September 2014

Prepared by:

***Credit Union National Association
Economics and Statistics Department***



Idaho

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 Idaho credit unions provided \$53,663,611 in direct financial benefits to the state's 648,497 members during the twelve months ending September 2014.

These benefits are equivalent to \$83 per member or \$167 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 Idaho 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 Idaho credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Idaho credit union will save members an average \$171 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.

Idaho credit unions excel in providing member benefits on many loan and savings products. In particular, Idaho 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.

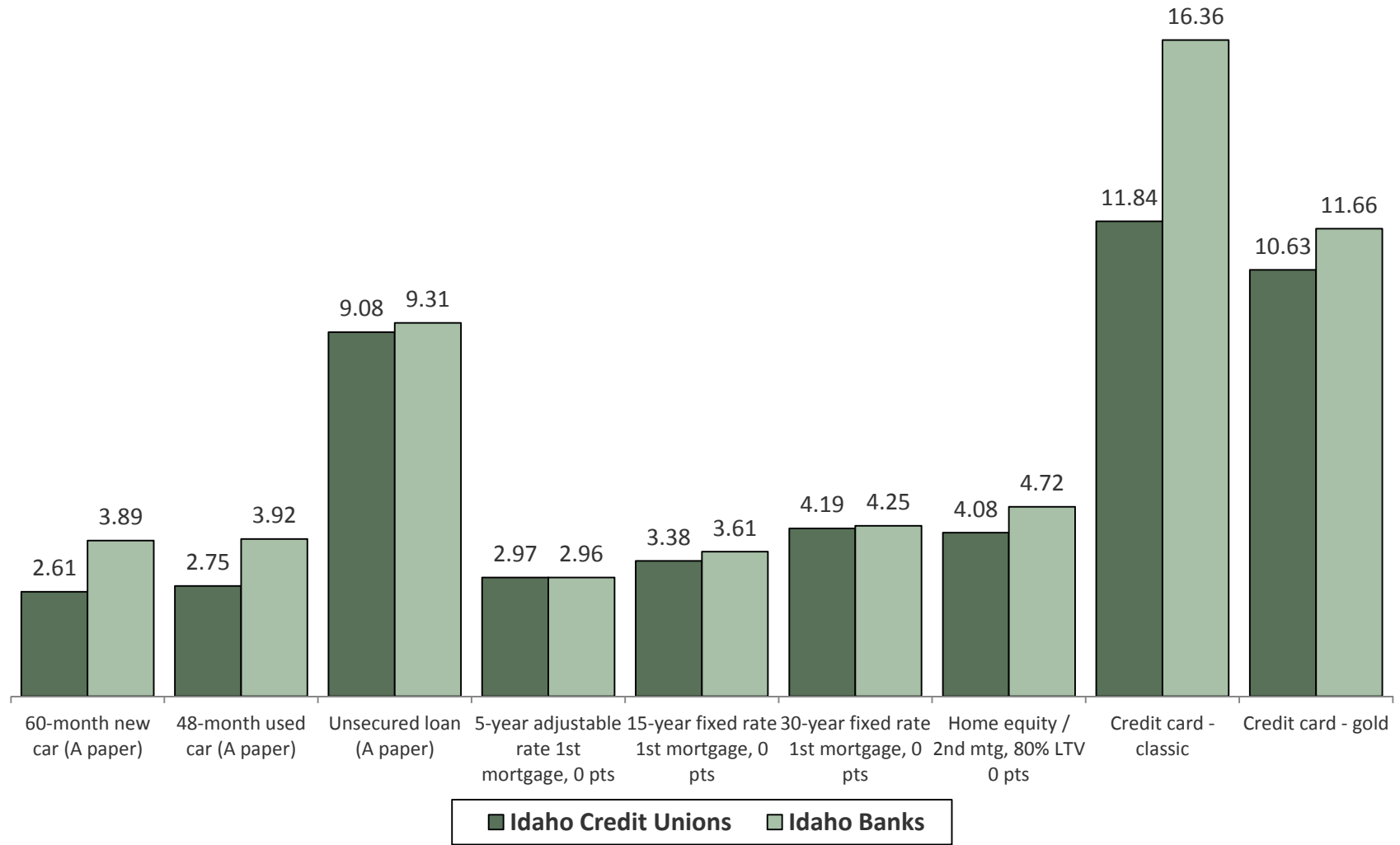
Idaho credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

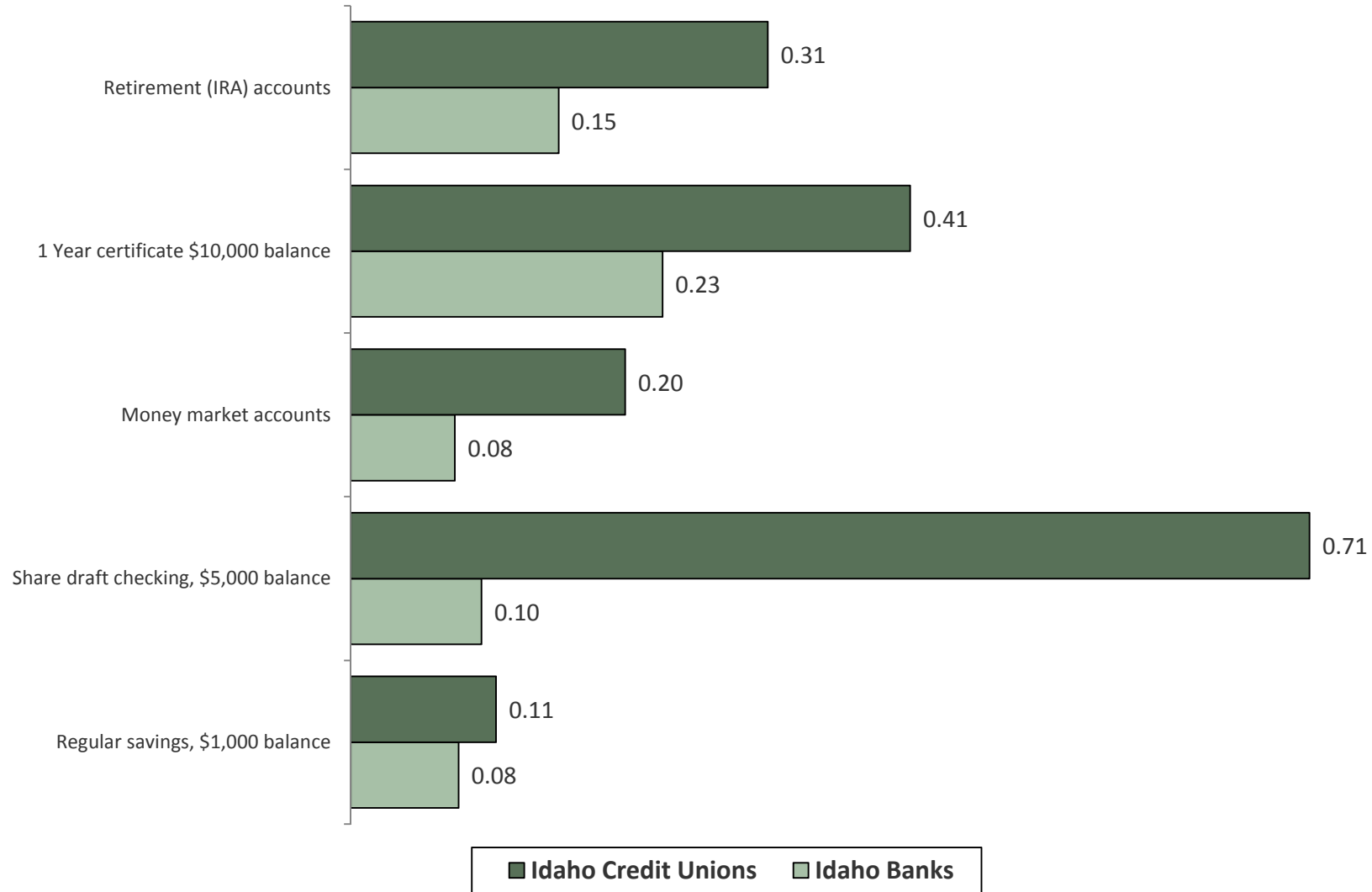
Loan Product Comparative Interest Rates (%)

By Loan Type

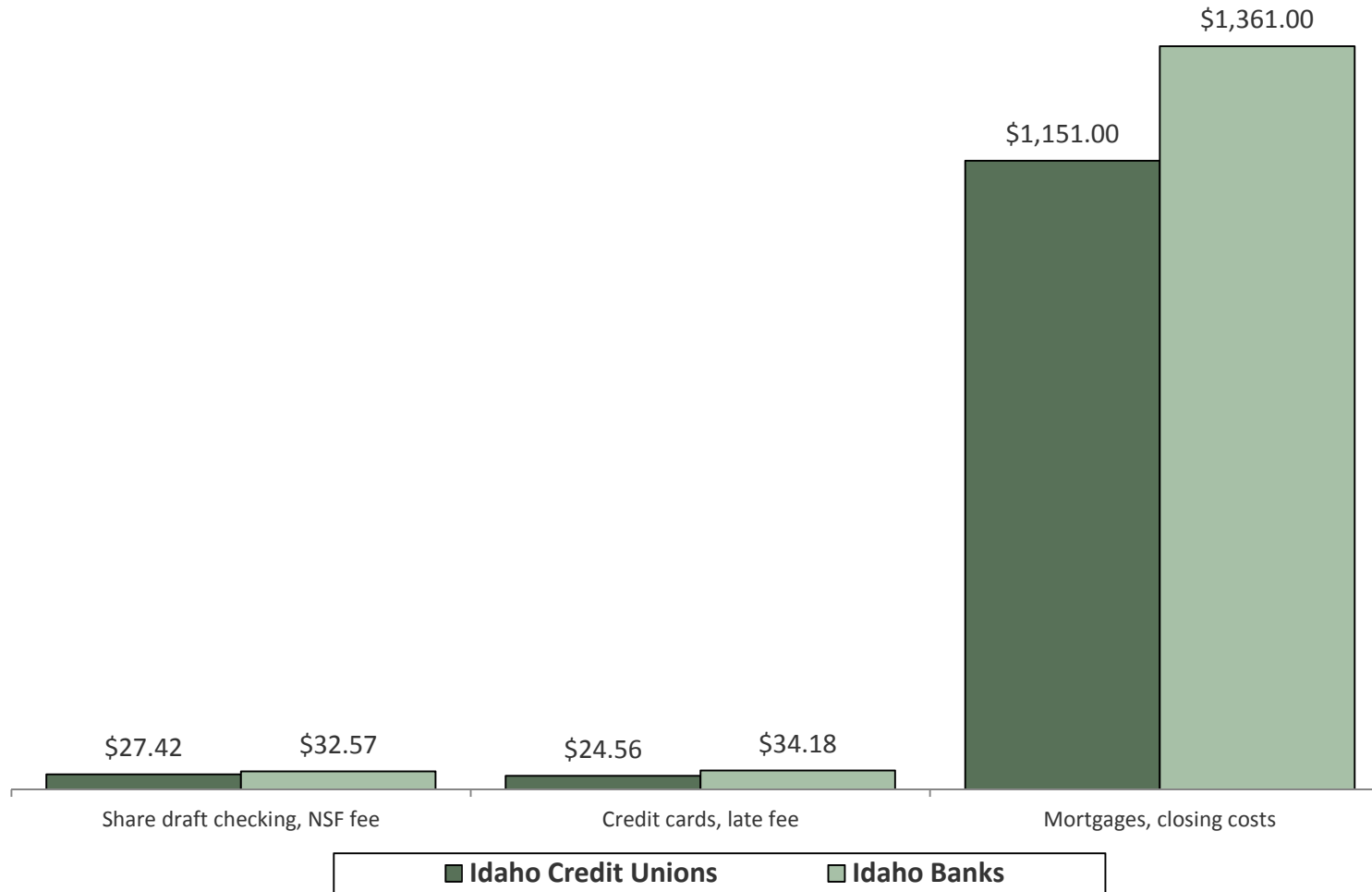


Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type



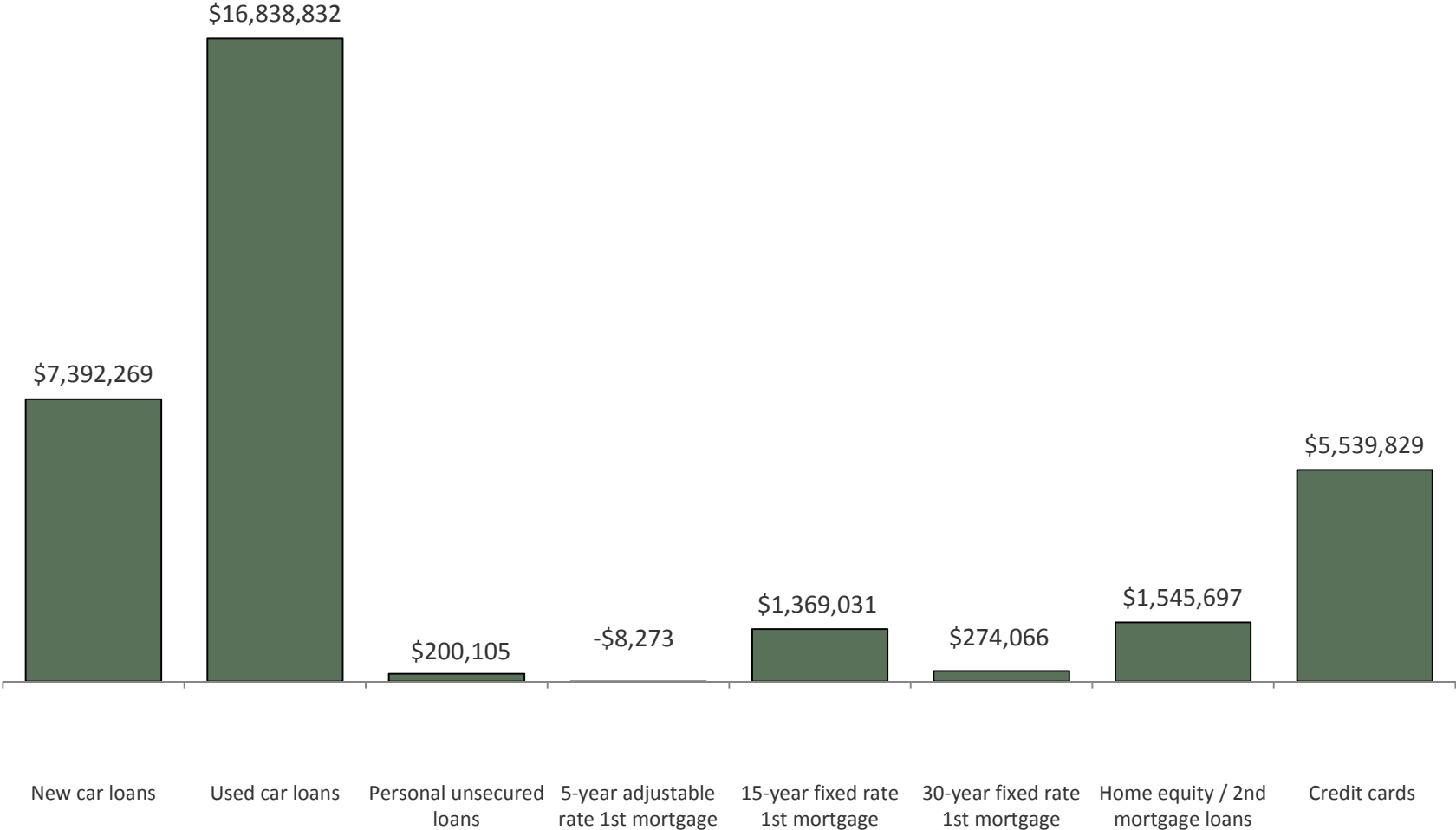
Idaho
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.61	3.89	-1.28
48-month used car (A paper)	2.75	3.92	-1.17
Unsecured loan (A paper)	9.08	9.31	-0.23
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.96	0.00
15-year fixed rate 1st mortgage, 0 pts	3.38	3.61	-0.23
30-year fixed rate 1st mortgage, 0 pts	4.19	4.25	-0.06
Home equity / 2nd mtg, 80% LTV 0 pts	4.08	4.72	-0.64
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	0.11	0.08	0.03
Share draft checking, \$5,000 balance	0.71	0.10	0.61
Money market accounts	0.20	0.08	0.13
1 Year certificate \$10,000 balance	0.41	0.23	0.18
Retirement (IRA) accounts	0.31	0.15	0.15
Fee Income			
Share draft checking, NSF fee	\$27.42	\$32.57	-\$5.15
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 Idaho Credit Unions September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Idaho Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	579,331,396	-1.28	\$7,392,269
Used car loans	1,435,535,567	-1.17	\$16,838,832
Personal unsecured loans	85,881,986	-0.23	\$200,105
5-year adjustable rate 1st mortgage	275,753,517	0.00	-\$8,273
15-year fixed rate 1st mortgage	597,829,966	-0.23	\$1,369,031
30-year fixed rate 1st mortgage	428,228,892	-0.06	\$274,066
Home equity / 2nd mortgage loans	241,138,338	-0.64	\$1,545,697
Credit cards	151,880,162	-4.52	\$5,539,829
Interest rebates in period			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$33,151,556
 <u>Savings</u>			
Regular shares	1,387,285,839	0.03	\$384,171
Share draft checking	833,238,533	0.61	\$5,107,752
Money market accounts	876,102,372	0.13	\$1,105,167
Certificate accounts	1,299,991,772	0.18	\$2,383,016
Retirement (IRA) accounts	347,435,988	0.15	\$537,581
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$9,517,687
 <u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$10,994,367
 Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$53,663,611
 Total CU member benefit / member:			\$83
Total CU member benefit / member household:			\$157

Source: Informa Research Services, NCUA, and CUNA

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

**Idaho
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	173	178
Total assets (\$ mil)	5,897	5,341
Total loans (\$ mil)	4,630	3,839
Total surplus funds (\$ mil)	912	1,191
Total savings (\$ mil)	5,133	4,705
Total members (thousands)	679	630
Growth Rates (Trailing 12 months) *		
Total assets	12.1 %	10.4 %
Total loans	21.5 %	15.3 %
Total surplus funds	-20.0 %	-5.6 %
Total savings	10.8 %	9.7 %
Total members	9.9 %	9.5 %
Earnings - Basis Pts. *		
Yield on total assets	333	337
Dividend / interest cost of assets	48	51
Fee & other income	180	192
Operating expense	359	358
Loss Provisions	18	16
Net Income (ROA) after stabilization exp	88	105
Capital adequacy		
Net worth / assets	10.1	10.2
Asset quality *		
Delinquencies / loans	0.5	0.5
Net chargeoffs / average loans	0.2	0.3
Total borrower-bankruptcies	17	17
Bankruptcies per 1000 members	1.0	1.2
Asset/Liability Management		
Loans / savings	90.2	81.6
Loans / assets	78.5	71.9
Long-term assets / assets	30.0	30.9
Core deposits/shares & borrowings	45.9	45.0
Productivity		
Members / potential members	7.2	6.4
Borrowers / members	54.8	51.8
Members / FTE	351	353
Average shares / members (\$)	7,560	7,465
Average loan balances (\$)	12,451	11,751
Salary & Benefits / FTE	57,066	55,684

* 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.