

The Benefits of Membership

Customized Analysis of Member Benefits For:

Oregon

September 2014

Prepared by:

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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 \$100,578,654 in direct financial benefits to the state's 1,484,589 members during the twelve months ending September 2014.

These benefits are equivalent to \$68 per member or \$129 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 \$144 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, first mortgage-adjustable rate, home equity loans, credit cards loans.

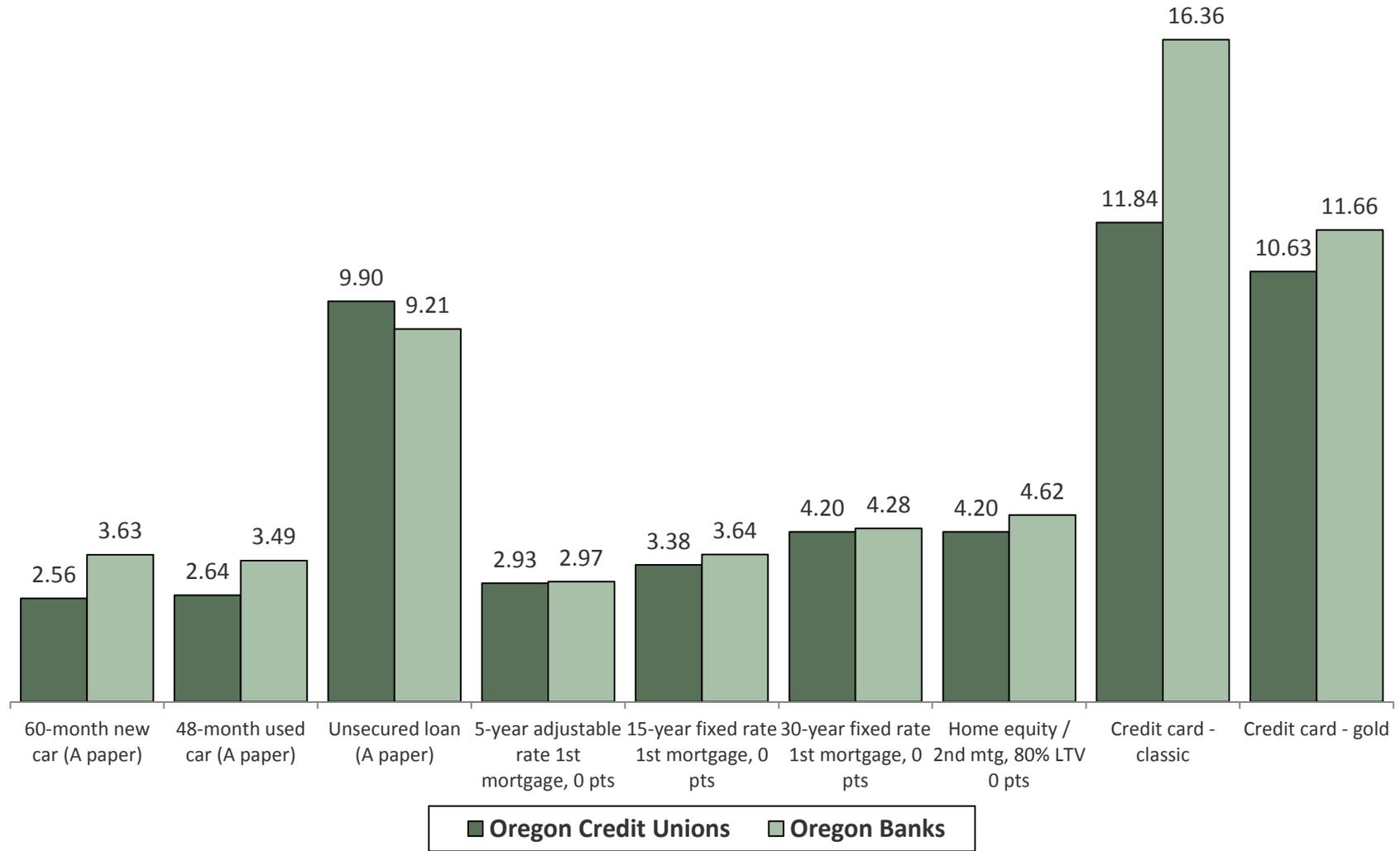
Oregon credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

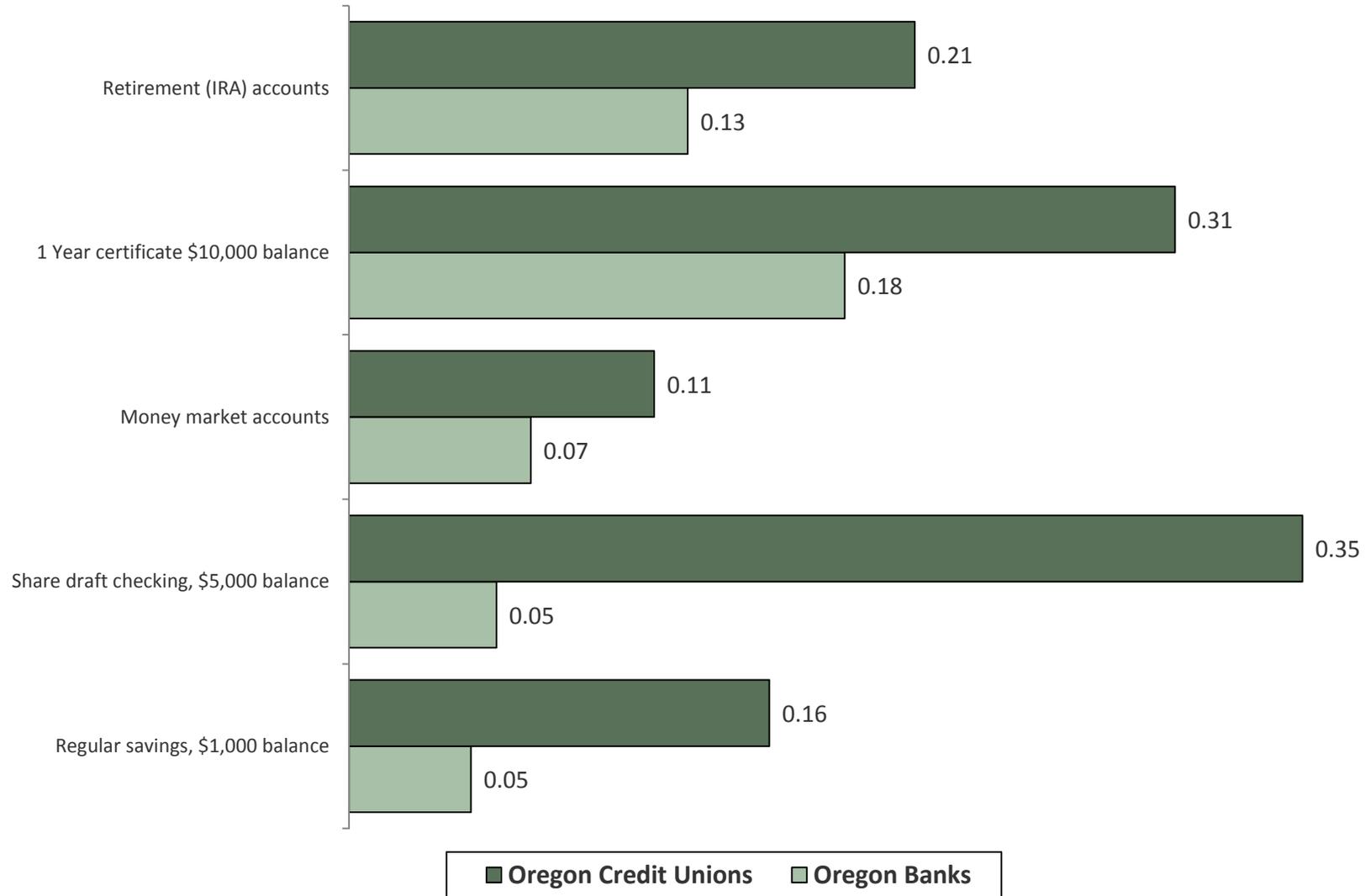
Loan Product Comparative Interest Rates (%)

By Loan Type

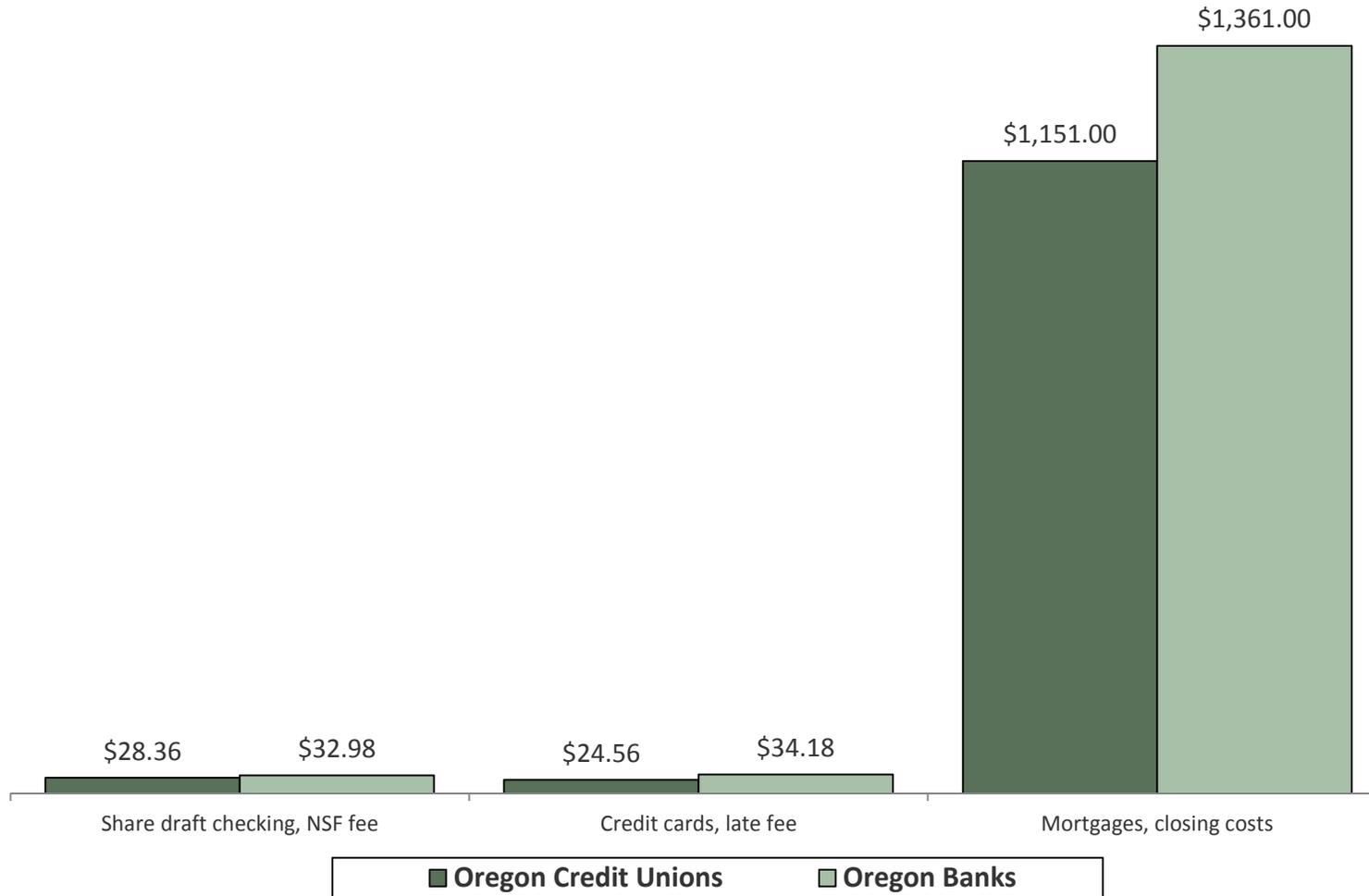


Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type

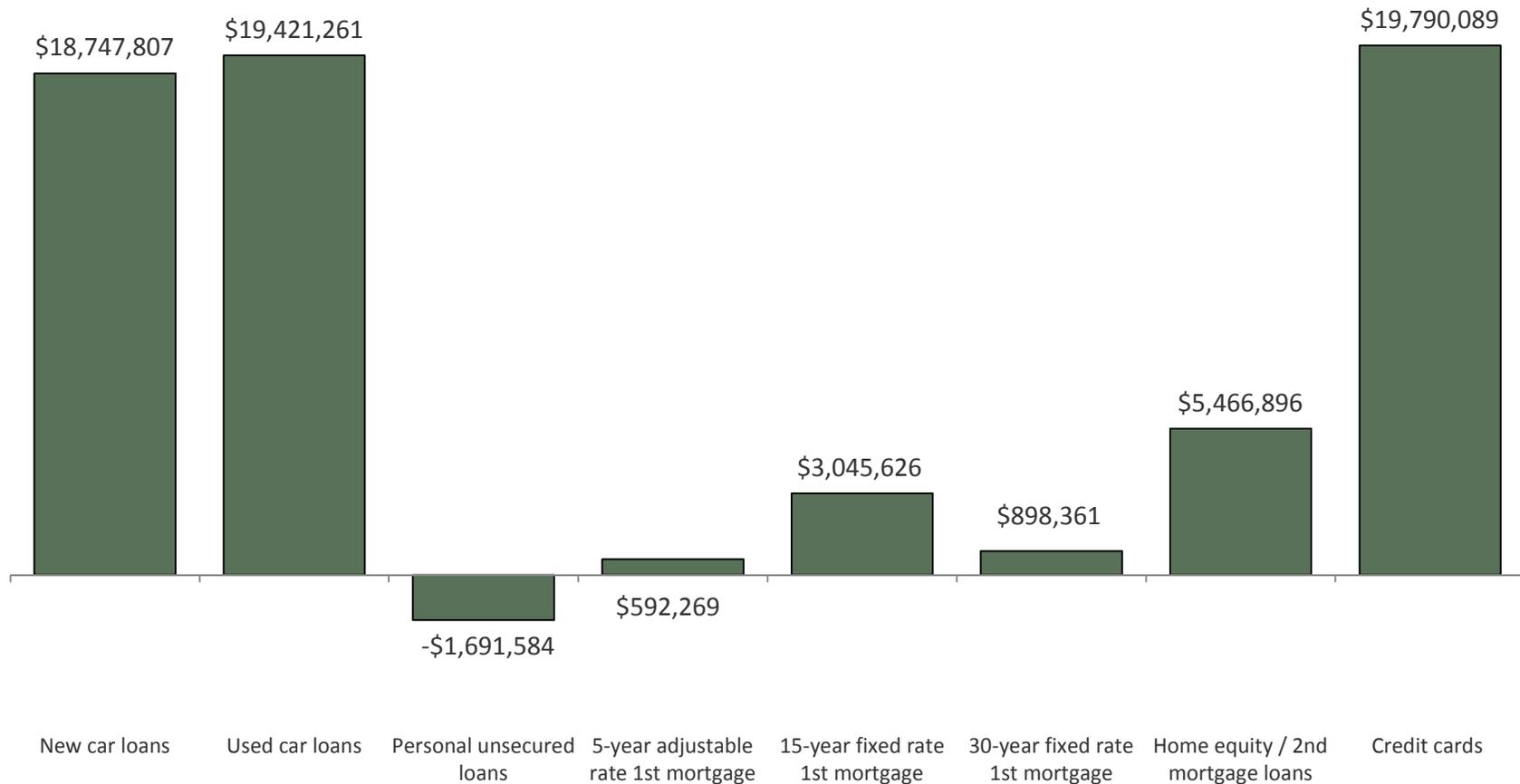


Oregon
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

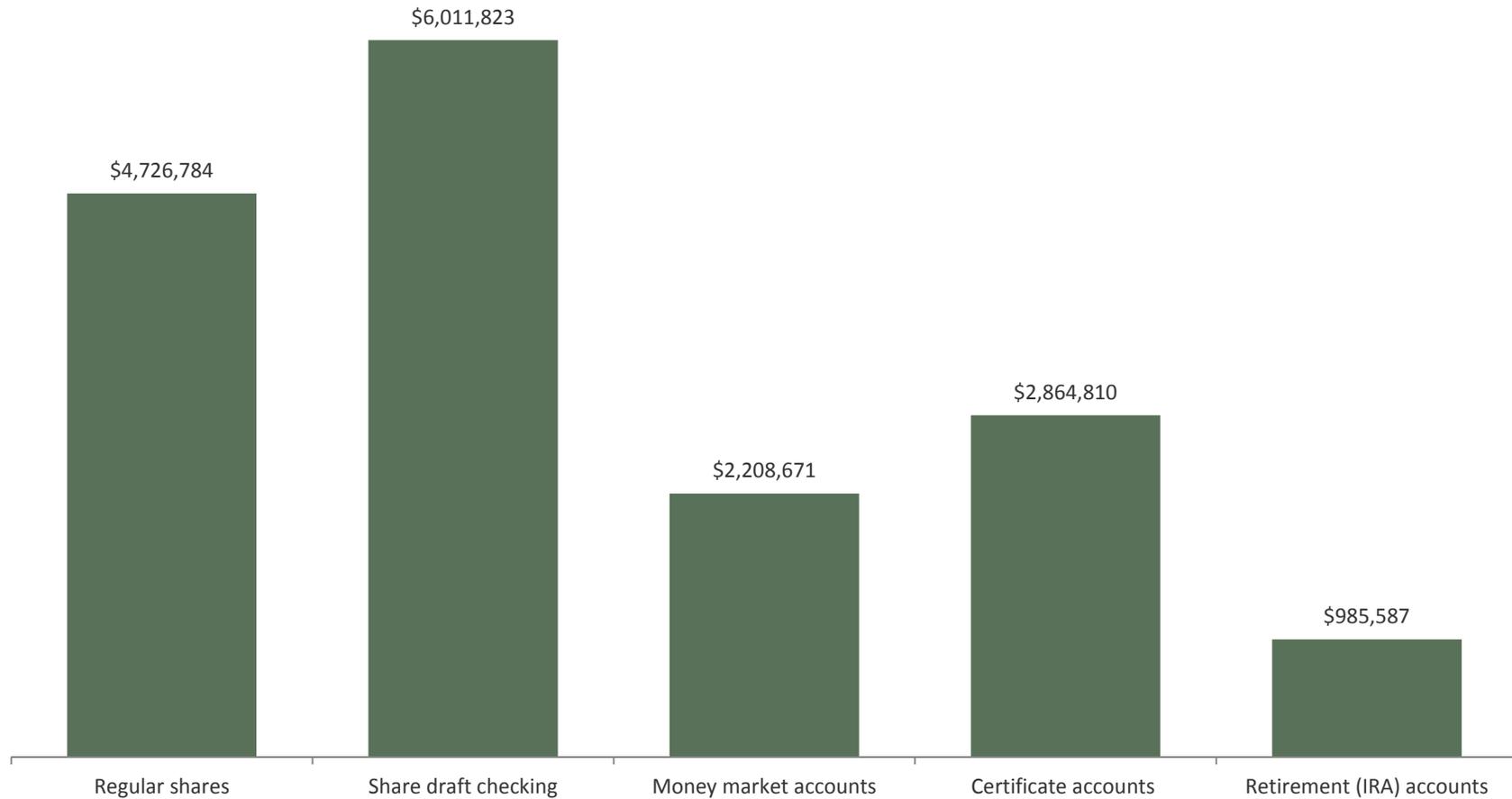
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.56	3.63	-1.08
48-month used car (A paper)	2.64	3.49	-0.86
Unsecured loan (A paper)	9.90	9.21	0.69
5-year adjustable rate 1st mortgage, 0 pts	2.93	2.97	-0.04
15-year fixed rate 1st mortgage, 0 pts	3.38	3.64	-0.26
30-year fixed rate 1st mortgage, 0 pts	4.20	4.28	-0.08
Home equity / 2nd mtg, 80% LTV 0 pts	4.20	4.62	-0.42
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	0.05	0.11
Share draft checking, \$5,000 balance	0.35	0.05	0.30
Money market accounts	0.11	0.07	0.05
1 Year certificate \$10,000 balance	0.31	0.18	0.12
Retirement (IRA) accounts	0.21	0.13	0.08
Fee Income			
Share draft checking, NSF fee	\$28.36	\$32.98	-\$4.62
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

September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Oregon Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,737,516,847	-1.08	\$18,747,807
Used car loans	2,271,492,504	-0.86	\$19,421,261
Personal unsecured loans	246,946,520	0.69	-\$1,691,584
5-year adjustable rate 1st mortgage	1,480,672,156	-0.04	\$592,269
15-year fixed rate 1st mortgage	1,180,475,189	-0.26	\$3,045,626
30-year fixed rate 1st mortgage	1,069,477,236	-0.08	\$898,361
Home equity / 2nd mortgage loans	1,307,869,917	-0.42	\$5,466,896
Credit cards	542,565,836	-4.52	\$19,790,089
Interest rebates in period			\$3,634
Total CU member benefits arising from lower interest rates on loan products:			\$66,274,359
 <u>Savings</u>			
Regular shares	4,267,518,002	0.11	\$4,726,784
Share draft checking	2,008,667,383	0.30	\$6,011,823
Money market accounts	4,821,522,812	0.05	\$2,208,671
Certificate accounts	2,336,110,758	0.12	\$2,864,810
Retirement (IRA) accounts	1,170,251,520	0.08	\$985,587
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$16,797,675
 <u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$17,506,621
 <u>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</u>			\$100,578,654
 <u>Total CU member benefit / member:</u>			\$68
<u>Total CU member benefit / member household:</u>			\$129

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;

**Oregon
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	287	286
Total assets (\$ mil)	16,961	16,220
Total loans (\$ mil)	11,299	10,190
Total surplus funds (\$ mil)	4,931	5,343
Total savings (\$ mil)	15,030	14,480
Total members (thousands)	1,525	1,453
Growth Rates (Trailing 12 months) *		
Total assets	4.9 %	6.4 %
Total loans	11.1 %	5.4 %
Total surplus funds	-7.2 %	6.7 %
Total savings	4.1 %	7.4 %
Total members	5.7 %	4.8 %
Earnings - Basis Pts. *		
Yield on total assets	335	346
Dividend / interest cost of assets	34	42
Fee & other income	132	143
Operating expense	332	337
Loss Provisions	17	24
Net Income (ROA) after stabilization exp	84	86
Capital adequacy		
Net worth / assets	10.0	9.6
Asset quality *		
Delinquencies / loans	0.6	0.8
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	39	43
Bankruptcies per 1000 members	1.7	2.0
Asset/Liability Management		
Loans / savings	75.2	70.4
Loans / assets	66.6	62.8
Long-term assets / assets	32.4	32.9
Core deposits/shares & borrowings	44.2	40.9
Productivity		
Members / potential members	3.2	3.0
Borrowers / members	59.0	58.3
Members / FTE	371	358
Average shares / members (\$)	9,853	9,964
Average loan balances (\$)	12,546	12,019
Salary & Benefits / FTE	70,359	67,201

* 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.