

The Benefits of Membership

Customized Analysis of Member Benefits For:

Utah

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Prepared by:

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About The Membership Benefits Report

The Membership Benefits report communicates the financial value of credit union membership to credit union staff, members, potential members, community leaders and policy makers. The report compares credit union dividend rates, loan rates, and fees to those of banking institutions in the state¹. It combines those comparisons with the state call report data to develop an overall estimate of the annual financial benefits provided to members.

It is important to remember that the report gives a *conservative* estimate of benefits. For example, it does not consider non-financial benefits such as access to a large ATM network, financial counseling, or auto buying services.

When interpreting the report, remember that any benefit above \$0 means credit unions are delivering financial benefits compared to the average banking institution.

Not all credit unions will deliver lofty financial benefits. Greater financial benefits tend to be found among credit unions that offer a greater variety of services and those with lower operating expense ratios (i.e., higher economies of scale). On the other hand, higher operating expense ratios tend to be associated with other non-financial benefits, such as personalized “high-touch” services.

The report measures benefits at one distinct point in time. Operational and strategic decisions – building new branches, expanding fields of membership, introducing new products – will undoubtedly be reflected in credit union pricing decisions (and estimated benefit levels).

¹ The source for banking institution interest rate and fee data is Datatrac. Datatrac is the nation’s leading rate survey firm and tracks interest rates at over 15,000 institutions nationally.

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 \$183,023,744 in direct financial benefits to the state's 1,665,614 members during the twelve months ending December 2008.

These benefits are equivalent to \$110 per member or \$209 per member household ⁽¹⁾.

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 \$98 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, first mortgage-adjustable rate, home equity loans, credit cards loans.

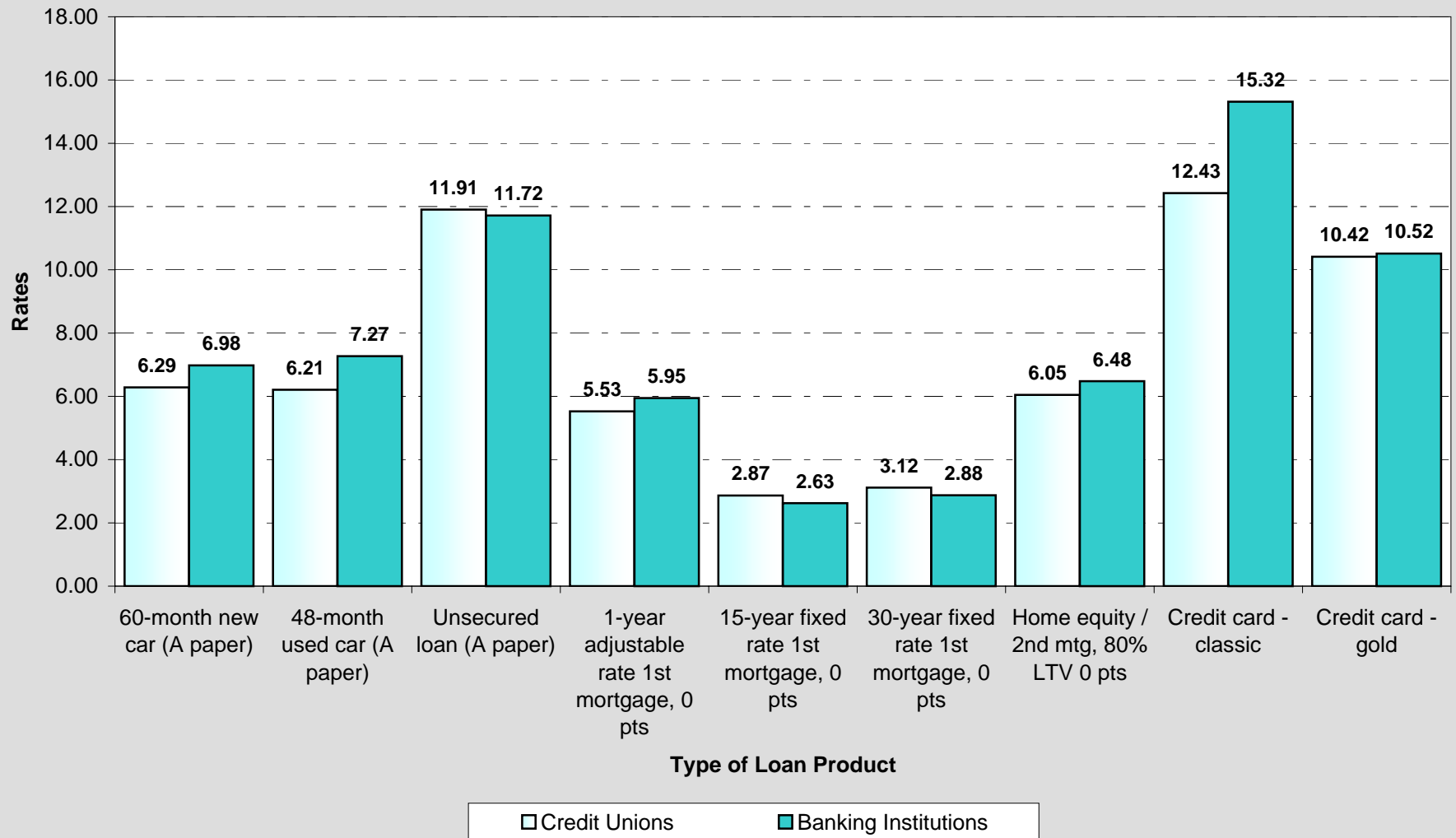
Utah credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



Source: Datatrac, NCUA, and CUNA.

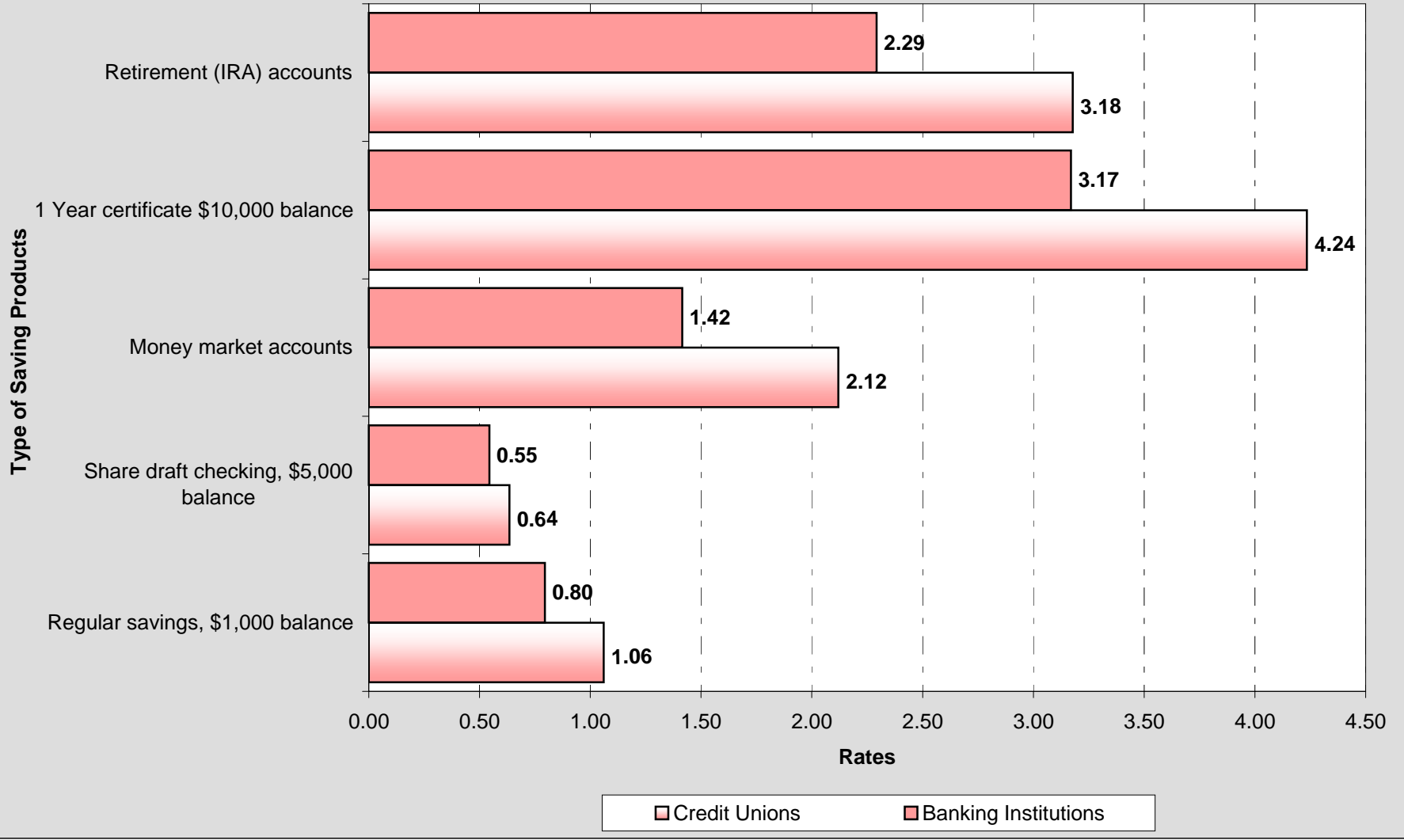
(1)Assumes 1.9 credit union members per household.

Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions

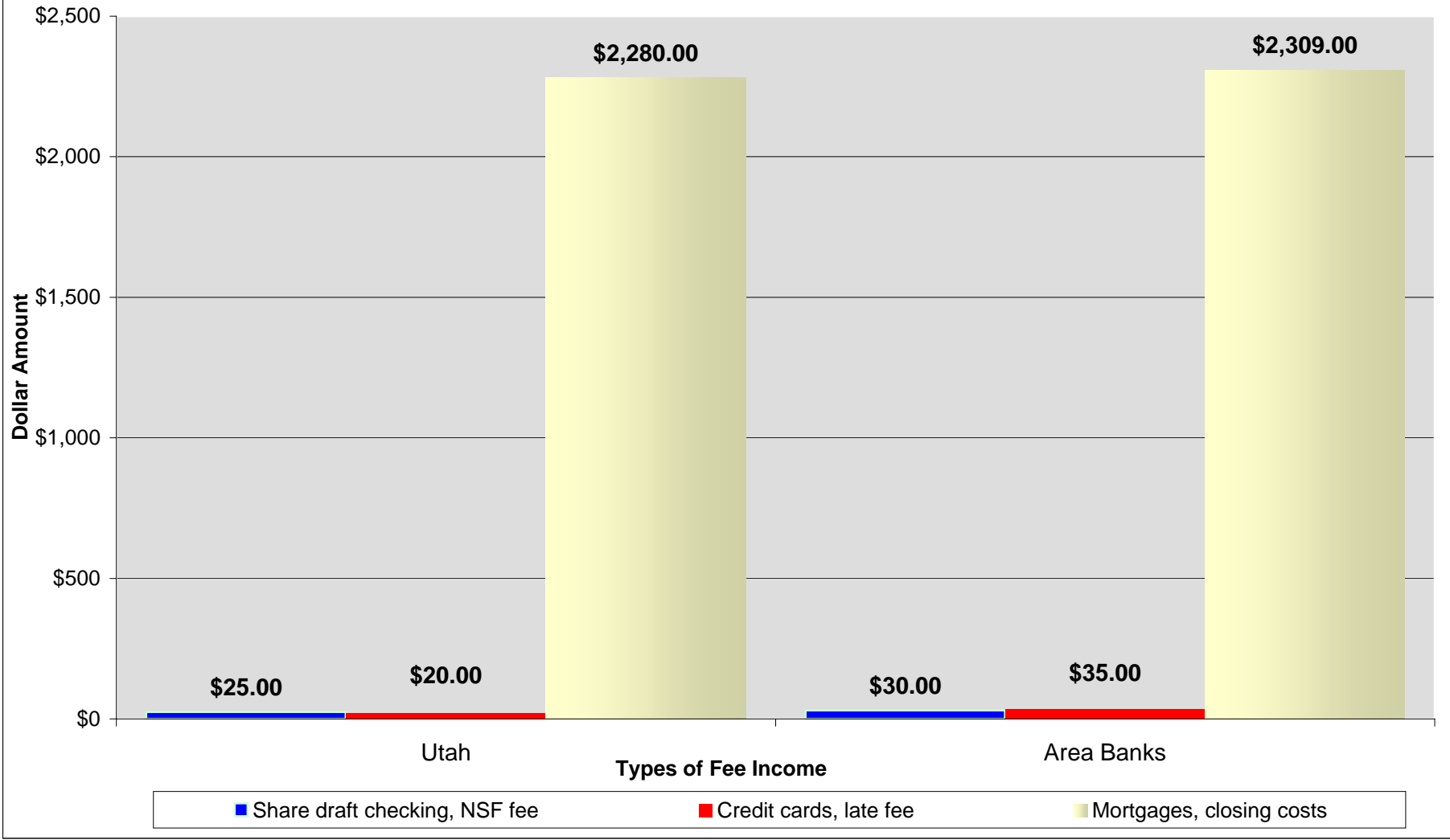


Recent Comparative Interest Rates for Credit Unions Saving Products

Credit Unions vs. Banking Institutions



Selected 2008 Credit Union Fees compared to Banking Institutions

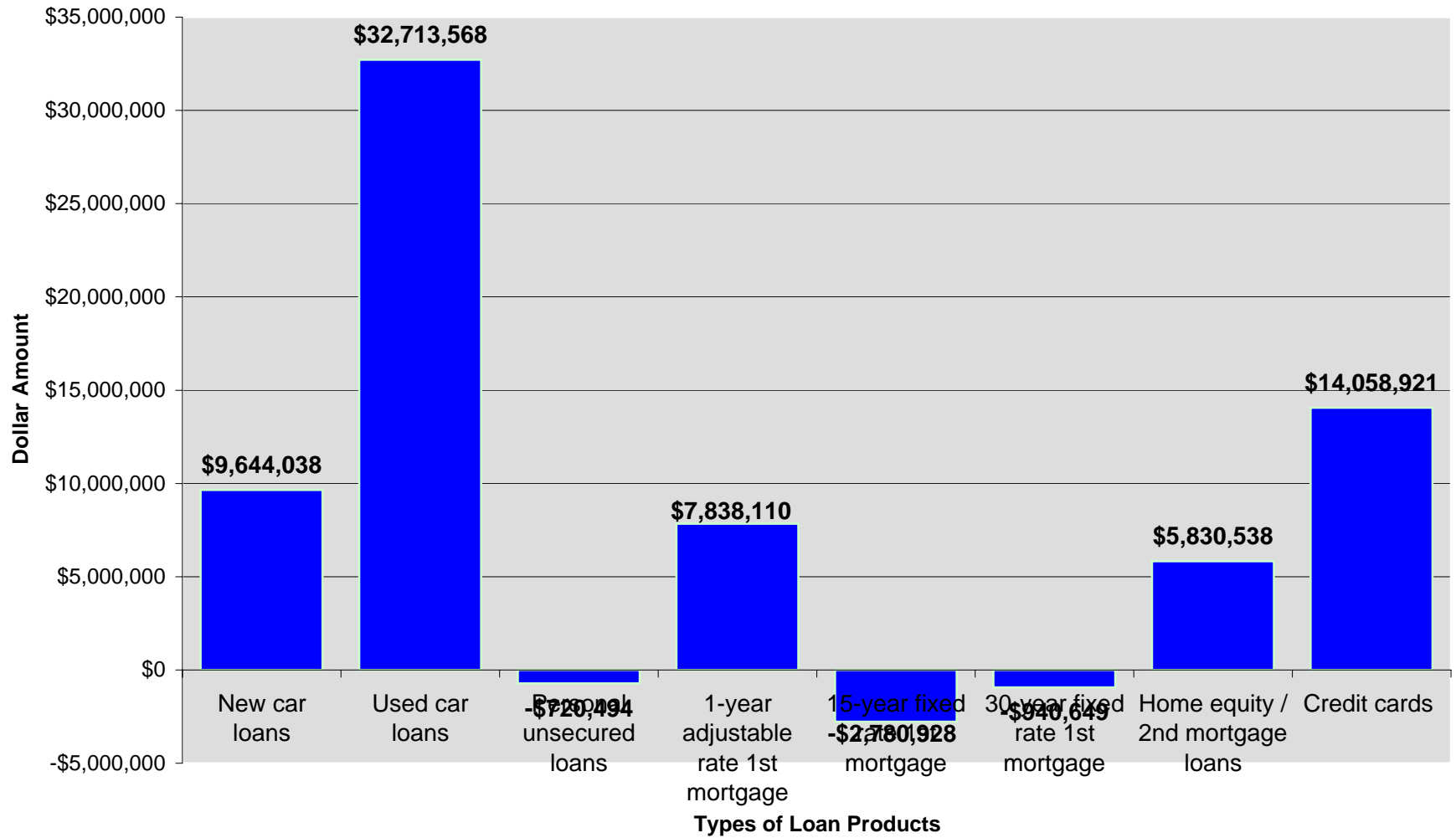


Utah
Credit Union and Banking Institution
2008 Average Interest Rates and Fees

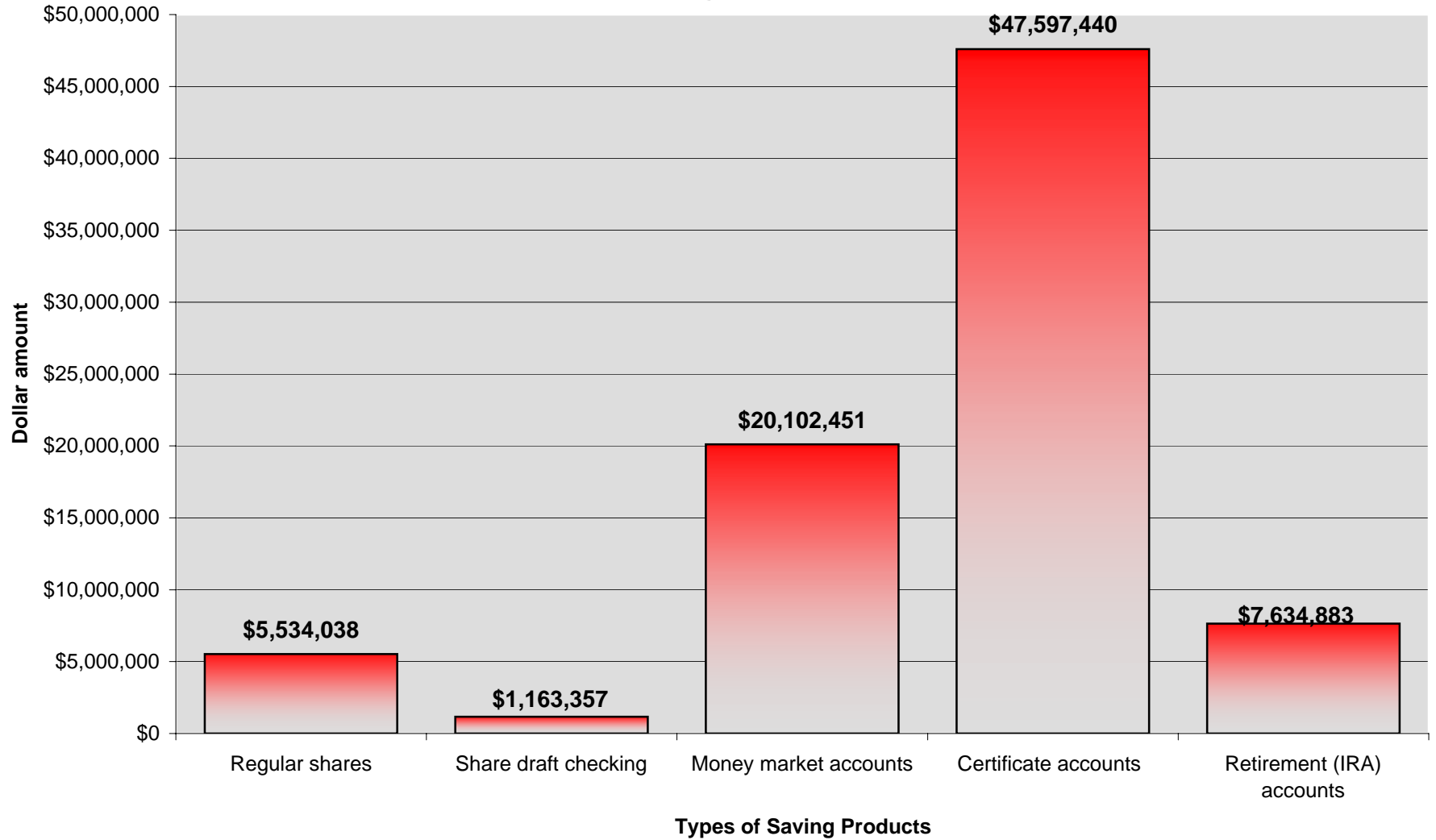
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	6.29	6.98	-0.70
48-month used car (A paper)	6.21	7.27	-1.06
Unsecured loan (A paper)	11.91	11.72	0.19
1-year adjustable rate 1st mortgage, 0 pts	5.53	5.95	-0.42
15-year fixed rate 1st mortgage, 0 pts	2.87	2.63	0.24
30-year fixed rate 1st mortgage, 0 pts	3.12	2.88	0.24
Home equity / 2nd mtg, 80% LTV 0 pts	6.05	6.48	-0.44
Credit card - classic	12.43	15.32	-2.89
Credit card - gold	10.42	10.52	-0.10
Savings Products			
Regular savings, \$1,000 balance	1.06	0.80	0.27
Share draft checking, \$5,000 balance	0.64	0.55	0.09
Money market accounts	2.12	1.42	0.71
1 Year certificate \$10,000 balance	4.24	3.17	1.07
Retirement (IRA) accounts	3.18	2.29	0.89
Fee Income			
Share draft checking, NSF fee	\$25.00	\$30.00	-\$5.00
Credit cards, late fee	\$20.00	\$35.00	-\$15.00
Mortgages, closing costs	\$2,280.00	\$2,309.00	-\$29.00

Source: Datatrac

Estimated Credit Union Loan Rate Benefits vs. Banking Institutions



Estimated Credit Union Savings Dividend Benefits vs. Banking Institutions



Estimated Utah Credit Unions Financial Benefits 2008

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Utah Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,387,631,327	-0.70	\$9,644,038
Used car loans	3,086,185,656	-1.06	\$32,713,568
Personal unsecured loans	379,207,379	0.19	-\$720,494
1-year adjustable rate 1st mortgage	1,866,216,770	-0.42	\$7,838,110
15-year fixed rate 1st mortgage	1,158,719,920	0.24	-\$2,780,928
30-year fixed rate 1st mortgage	391,936,875	0.24	-\$940,649
Home equity / 2nd mortgage loans	1,340,353,636	-0.44	\$5,830,538
Credit cards	641,227,887	-2.89	\$14,058,921
Interest rebates in period			\$20,636
Total CU member benefits arising from lower interest rates on loan products:			\$65,663,742
<u>Savings</u>			
Regular shares	2,088,316,108	0.27	\$5,534,038
Share draft checking	1,292,618,815	0.09	\$1,163,357
Money market accounts	2,851,411,421	0.71	\$20,102,451
Certificate accounts	4,469,243,226	1.07	\$47,597,440
Retirement (IRA) accounts	862,698,647	0.89	\$7,634,883
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$82,032,169
<u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$35,327,834
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$183,023,744
Total CU member benefit / member:			\$110
Total CU member benefit / member household:			\$209

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2007 and year-end 2008, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Utah
Performance Profile

Demographic Information	Dec-08	Dec-07
Number of branches	444	420
Total assets (\$ mil)	14,288	13,102
Total loans (\$ mil)	11,954	10,701
Total surplus funds (\$ mil)	1,581	1,735
Total savings (\$ mil)	12,605	11,533
Total members (thousands)	1,732	1,637
Growth Rates		
Total assets	11.7 %	11.7 %
Total loans	14.5 %	14.9 %
Total surplus funds	-7.6 %	-6.5 %
Total savings	12.1 %	11.4 %
Total members	8.3 %	5.9 %
Earnings - Basis Pts.		
Yield on total assets	599	640
- Dividend/interest cost of assets	272	296
+ Fee & other income	195	204
- Operating expense	385	377
- Loss Provisions	135	40
= Net Income (ROA)	2	131
Capital adequacy		
Net worth / assets	9.6	10.5
Asset quality		
Delinquencies / loans	2.7	0.8
Net chargeoffs / average loans	1.0	0.4
Total borrower-bankruptcies	46	24
Bankruptcies per 1000 members	2.7	1.6
Asset/Liability Management		
Loans / savings	94.8	92.8
Loans / assets	83.7	81.7
Long-term assets / assets	27.6	26.5
Core deposits/shares & borrowings	26.9	29.6
Productivity		
Members/potential members	8.8	9.9
Borrowers/members	70.9	68.9
Members/FTE	333	337
Average shares/members (\$)	7,279	7,044
Average loan balances (\$)	9,741	9,485
Salary & Benefits/FTE	47,794	46,378