

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Colorado**

***December 2011***

*Prepared by:*

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



# Colorado

## *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 Colorado credit unions provided \$83,427,540 in direct financial benefits to the state's 1,426,297 members during the twelve months ending December 2011.

**These benefits are equivalent to \$58 per member or \$111 per member household <sup>(1)</sup>.**

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 Colorado 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 Colorado credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Colorado credit union will save members an average \$188 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.

Colorado credit unions excel in providing member benefits on many loan and saving products. In particular, Colorado credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans, credit cards loans.

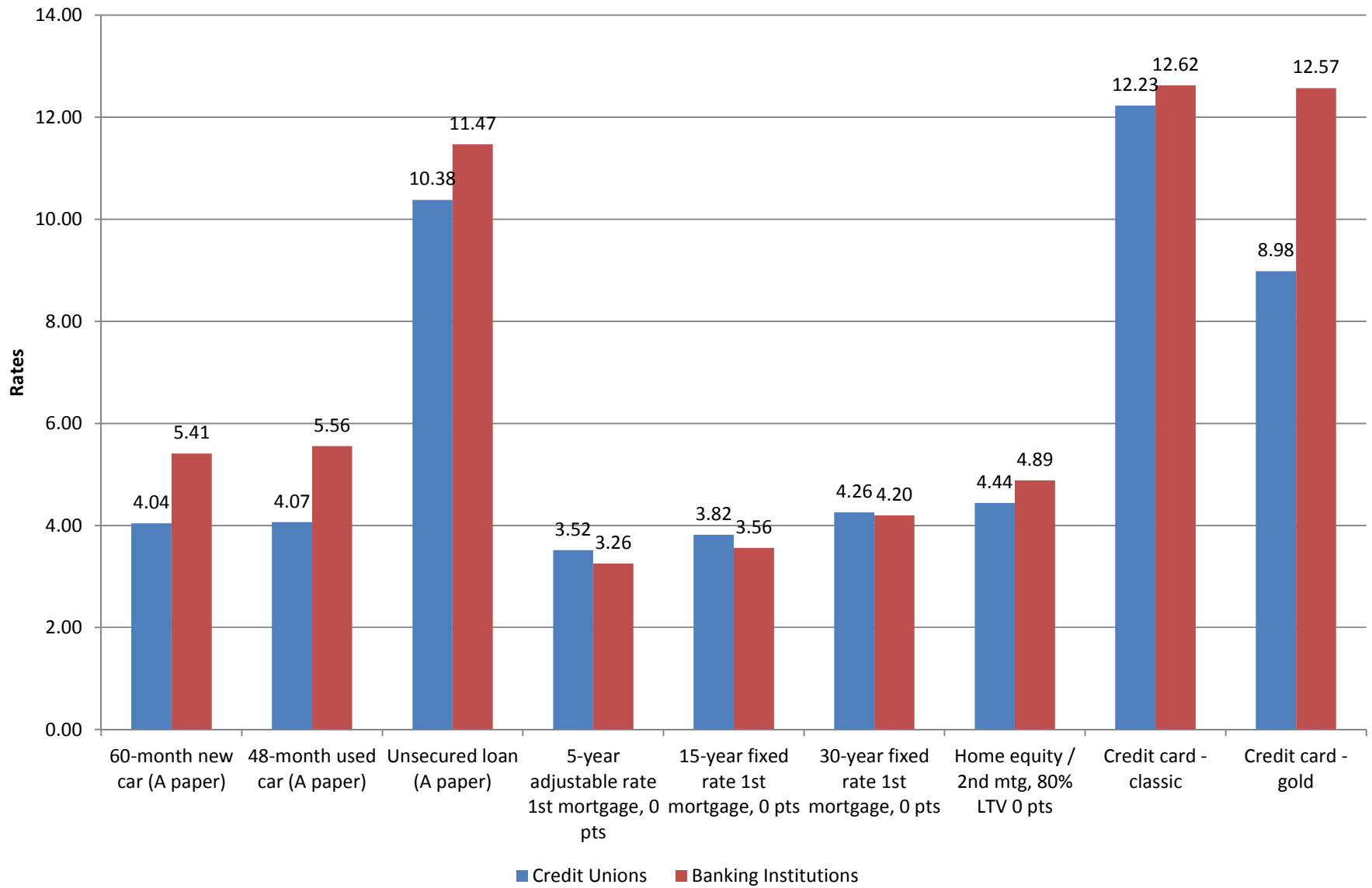
Colorado credit unions also pay members higher average dividends on the following accounts: share draft checking, money market accounts, certificate accounts, IRAs.



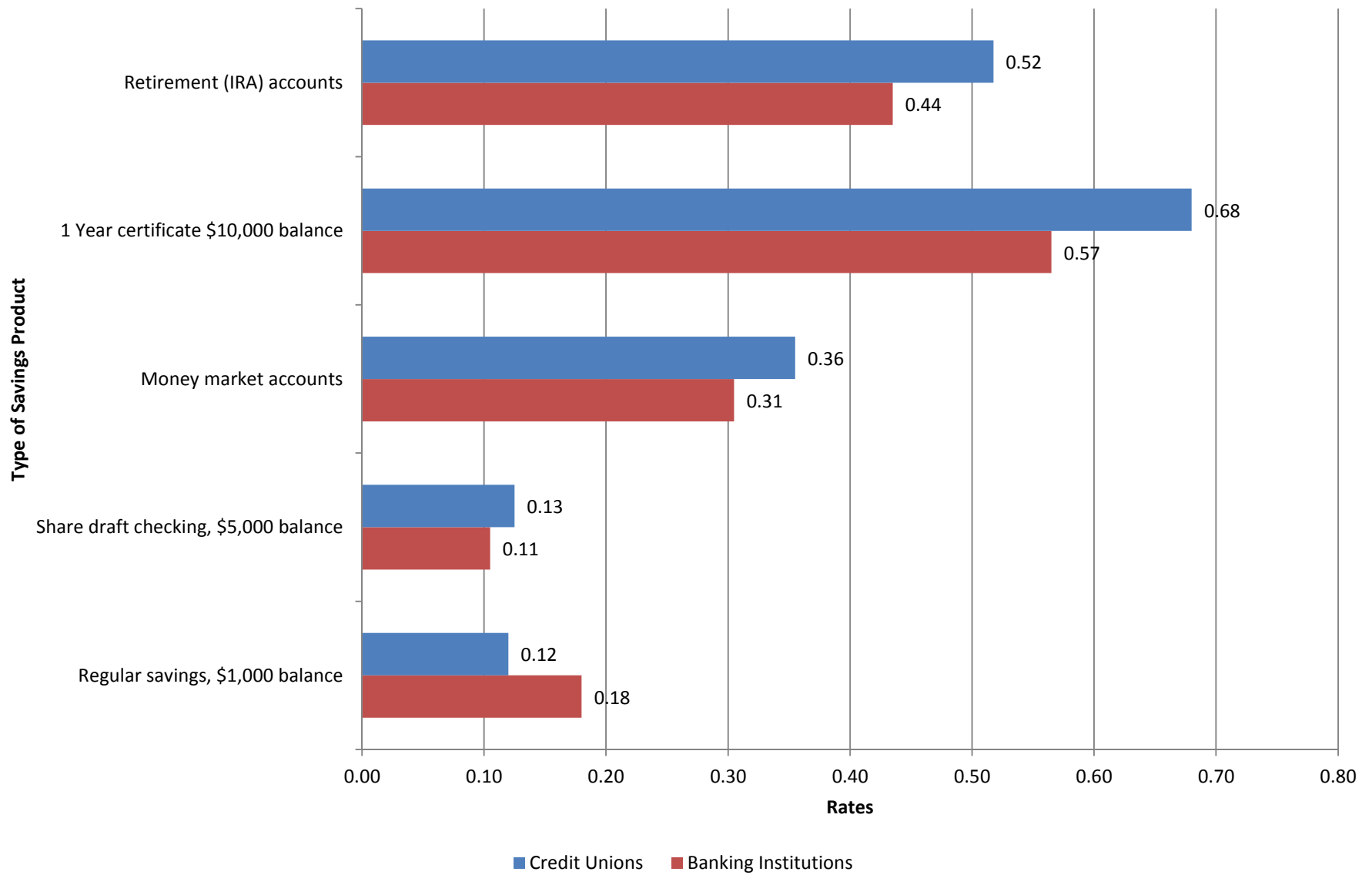
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Source: Datatrac, NCUA, and CUNA.  
(1) Assumes 1.9 credit union members per household.

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



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



# Selected December 2011 Fees Credit Unions vs Banking Institutions

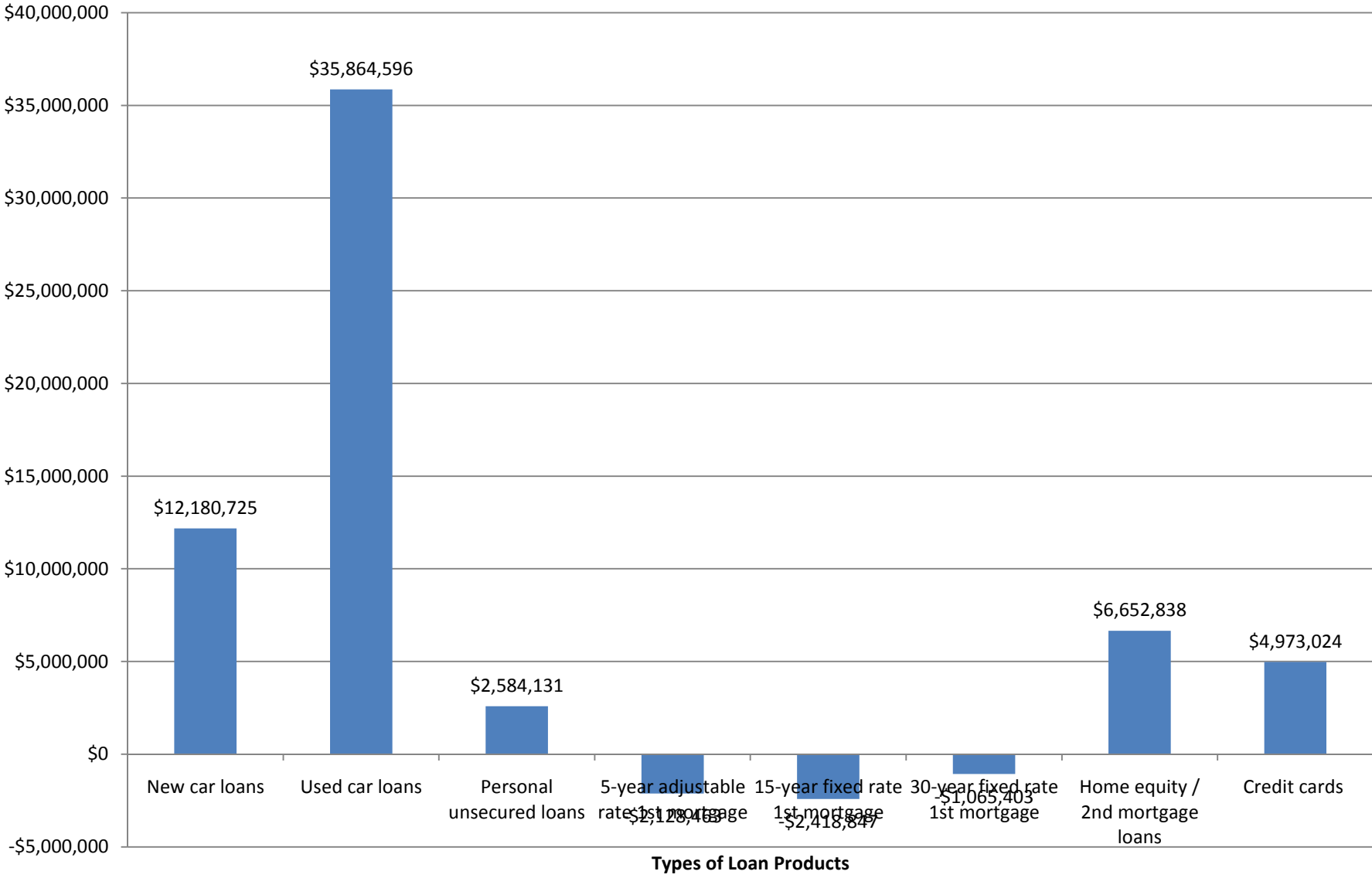


**Colorado**  
**Credit Union and Banking Institution**  
**Year-end 2011 Average Interest Rates and Fees**

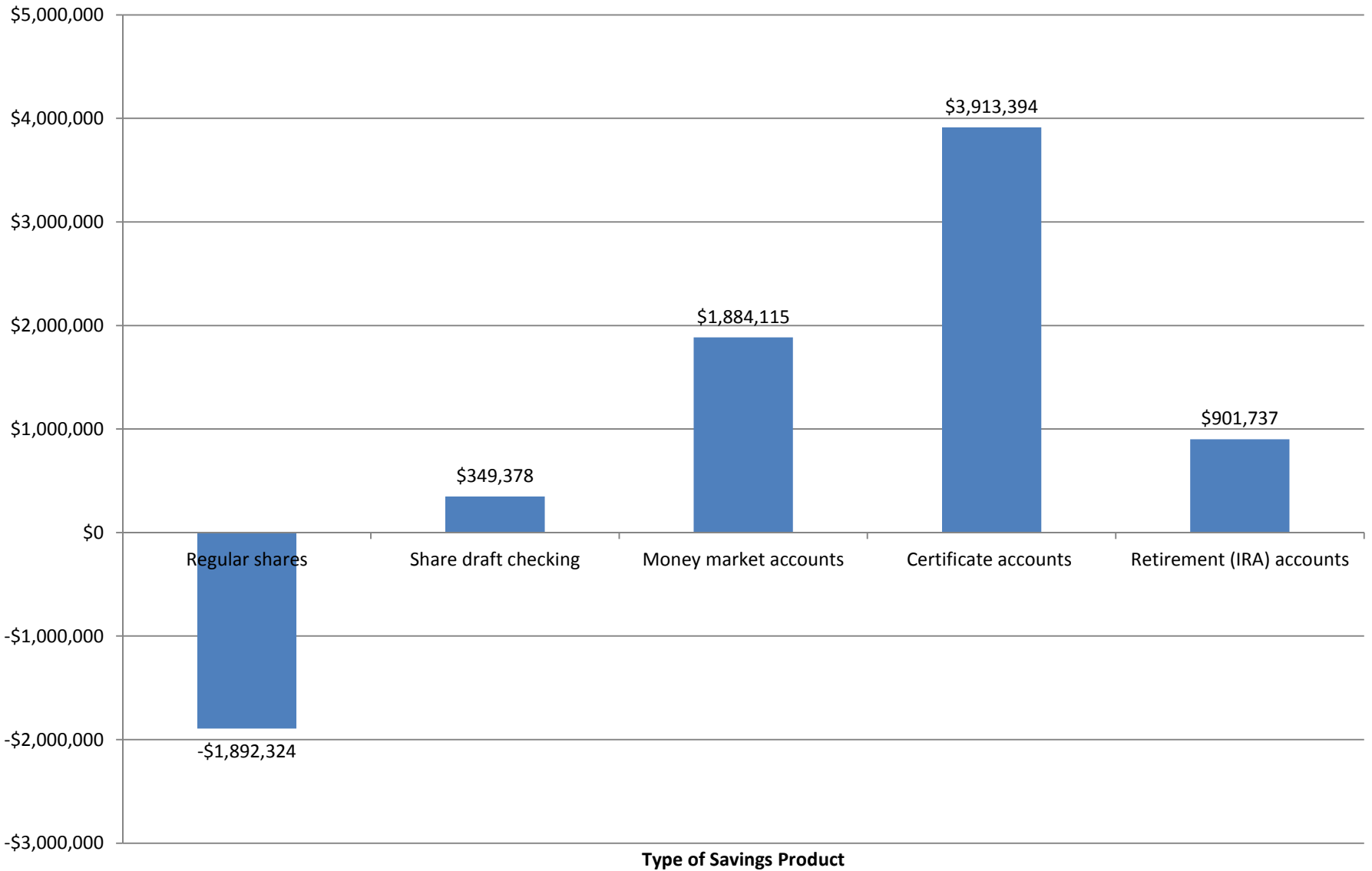
<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	4.04	5.41	-1.37
48-month used car (A paper)	4.07	5.56	-1.49
Unsecured loan (A paper)	10.38	11.47	-1.09
5-year adjustable rate 1st mortgage, 0 pts	3.52	3.26	0.26
15-year fixed rate 1st mortgage, 0 pts	3.82	3.56	0.26
30-year fixed rate 1st mortgage, 0 pts	4.26	4.20	0.06
Home equity / 2nd mtg, 80% LTV 0 pts	4.44	4.89	-0.44
Credit card - classic	12.23	12.62	-0.40
Credit card - gold	8.98	12.57	-3.59
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.12	0.18	-0.06
Share draft checking, \$5,000 balance	0.13	0.11	0.02
Money market accounts	0.36	0.31	0.05
1 Year certificate \$10,000 balance	0.68	0.57	0.12
Retirement (IRA) accounts	0.52	0.44	0.08
<b>Fee Income</b>			
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 Total Loan Rate Benefit Credit Unions vs Banking Institutions



## Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



## Estimated Colorado Credit Unions Financial Benefits Year-end 2011

### Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Colorado Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	889,104,037	-1.37	\$12,180,725
Used car loans	2,407,019,836	-1.49	\$35,864,596
Personal unsecured loans	237,076,205	-1.09	\$2,584,131
5-year adjustable rate 1st mortgage	818,639,504	0.26	-\$2,128,463
15-year fixed rate 1st mortgage	930,325,723	0.26	-\$2,418,847
30-year fixed rate 1st mortgage	1,775,671,438	0.06	-\$1,065,403
Home equity / 2nd mortgage loans	1,495,019,828	-0.44	\$6,652,838
Credit cards	416,588,372	-0.40	\$4,973,024
Interest rebates in period			\$21,095
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$56,663,696</b>

### Savings

Regular shares	3,153,872,808	-0.06	-\$1,892,324
Share draft checking	1,746,888,206	0.02	\$349,378
Money market accounts	3,768,230,788	0.05	\$1,884,115
Certificate accounts	3,402,951,629	0.12	\$3,913,394
Retirement (IRA) accounts	1,093,014,478	0.08	\$901,737
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$5,156,301</b>

### Fee Income

<b>Total CU member benefit arising from fewer/lower fees:</b>	<b>\$21,607,543</b>
<b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b>	<b>\$83,427,540</b>
<b>Total CU member benefit / member:</b>	<b>\$58</b>
<b>Total CU member benefit / member household:</b>	<b>\$111</b>

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2011 and September 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

**Colorado**  
**Performance Profile**

<b>Demographic Information</b>	<b>Dec 11</b>	<b>Dec 10</b>
Number of branches	307	311
Total assets (\$ mil)	15,840	14,994
Total loans (\$ mil)	9,312	9,287
Total surplus funds (\$ mil)	5,976	5,195
Total savings (\$ mil)	13,644	13,045
Total members (thousands)	1,439	1,426
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	5.6 %	-1.0 %
Total loans	0.3 %	-7.2 %
Total surplus funds	15.0 %	12.0 %
Total savings	4.6 %	0.6 %
Total members	0.9 %	-2.1 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	392	441
Dividend/interest cost of assets	75	95
Fee & other income	124	131
Operating expense	329	328
Loss Provisions	27	70
Net Income (ROA) after stabilization exp	85	79
<b>Capital adequacy</b>		
Net worth / assets	10.8	10.5
<b>Asset quality *</b>		
Delinquencies / loans	1.1	1.2
Net chargeoffs / average loans	0.7	1.1
Total borrower-bankruptcies	60	70
Bankruptcies per 1000 members	4.1	5.0
<b>Asset/Liability Management</b>		
Loans / savings	68.3	71.2
Loans / assets	58.8	61.9
Long-term assets / assets	32.4	31.6
Core deposits/shares & borrowings	38.3	35.2
<b>Productivity</b>		
Members/potential members	12.3	13.5
Borrowers/members	56.8	58.0
Members/FTE	378	374
Average shares/members (\$)	9,481	9,146
Average loan balances (\$)	11,384	11,220
Salary & Benefits/FTE	62,135	59,211

\* 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.