

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Nevada**

***December 2011***

*Prepared by:*

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Economics and Statistics Department***



# Nevada

## *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 Nevada credit unions provided \$32,310,028 in direct financial benefits to the state's 362,220 members during the twelve months ending December 2011.

**These benefits are equivalent to \$89 per member or \$169 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 Nevada 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 Nevada credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Nevada credit union will save members an average \$167 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.

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

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

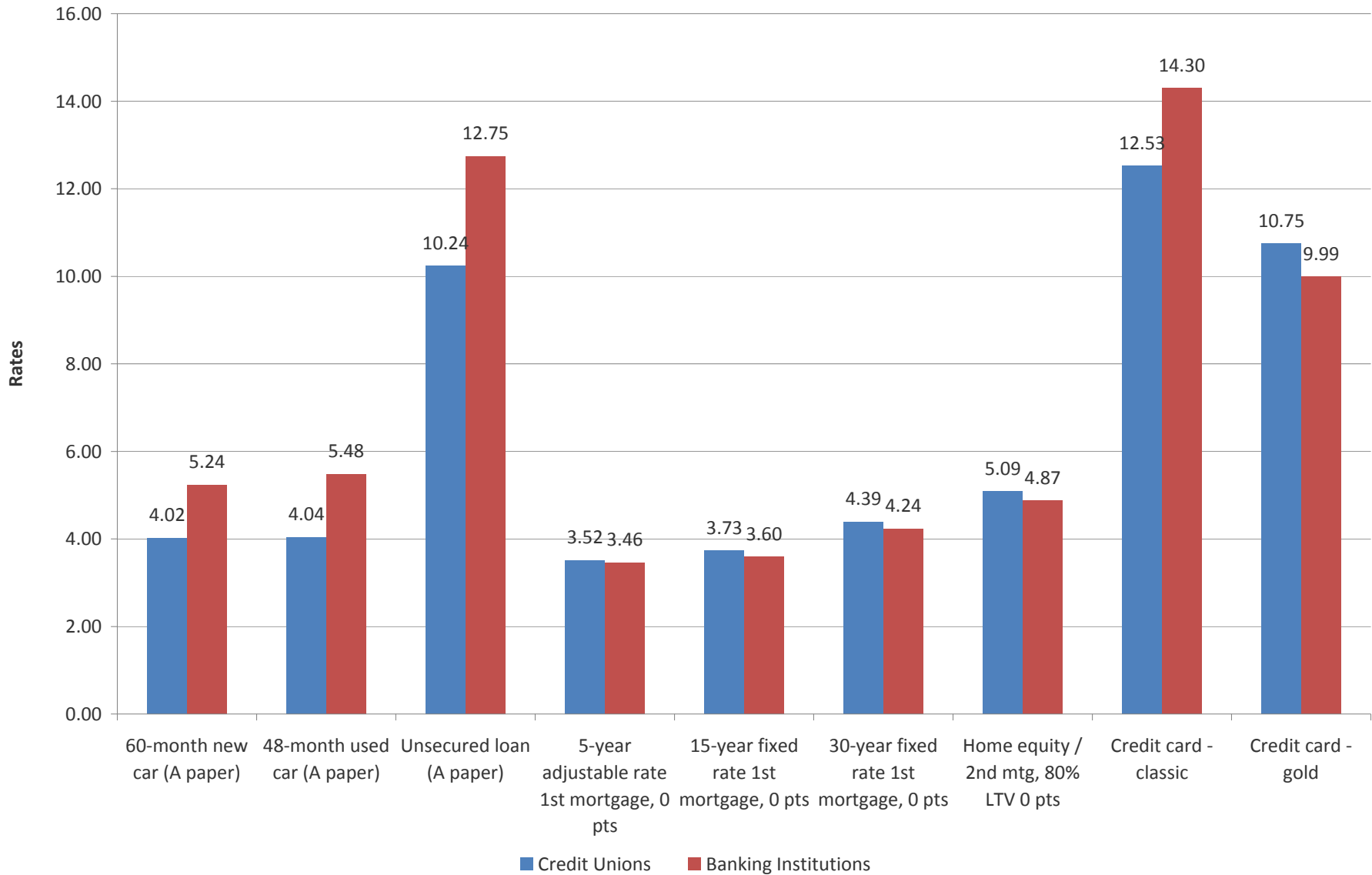


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Source: Datatrac, NCUA, and CUNA.

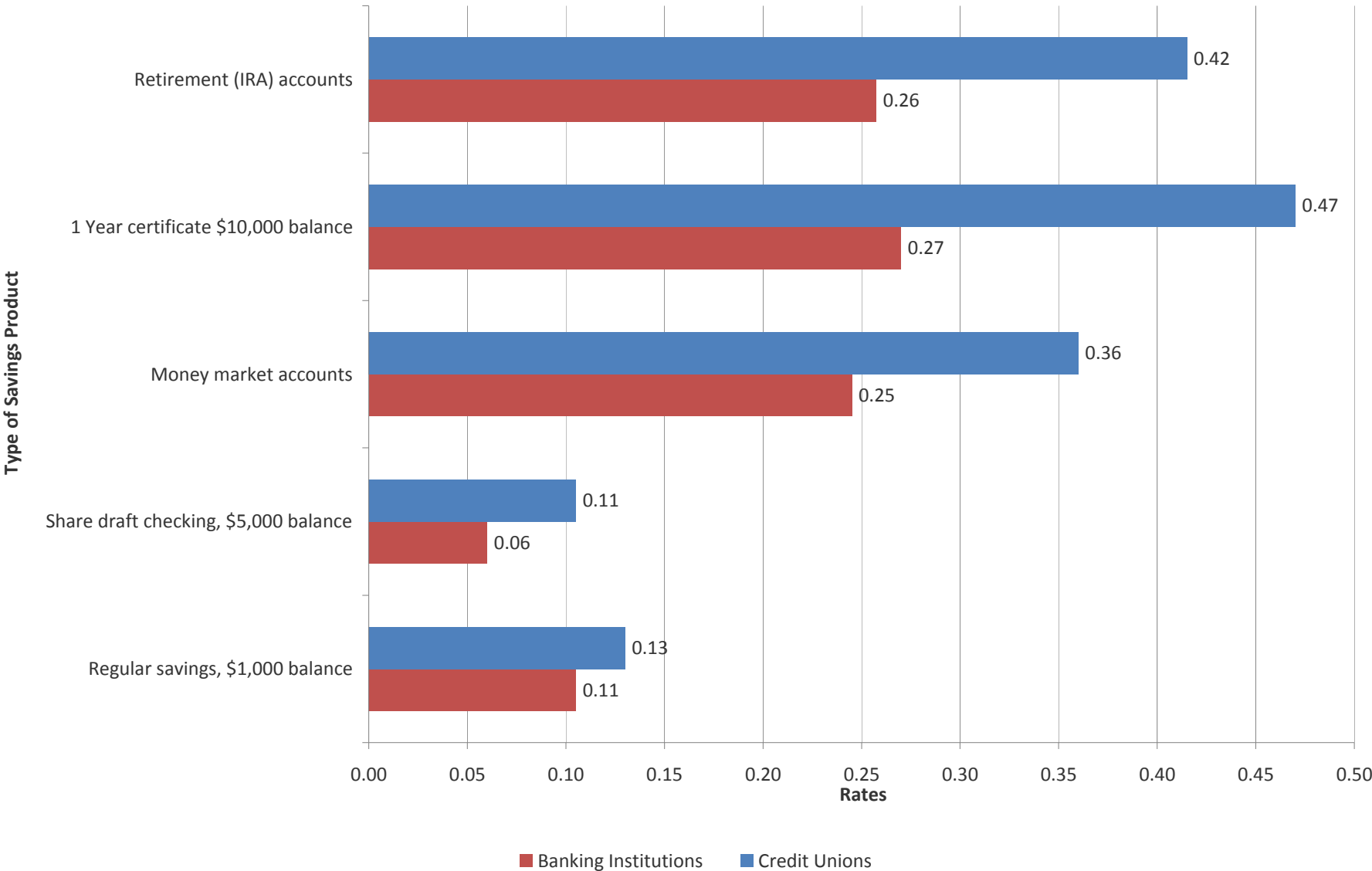
(1) Assumes 1.9 credit union members per household.

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

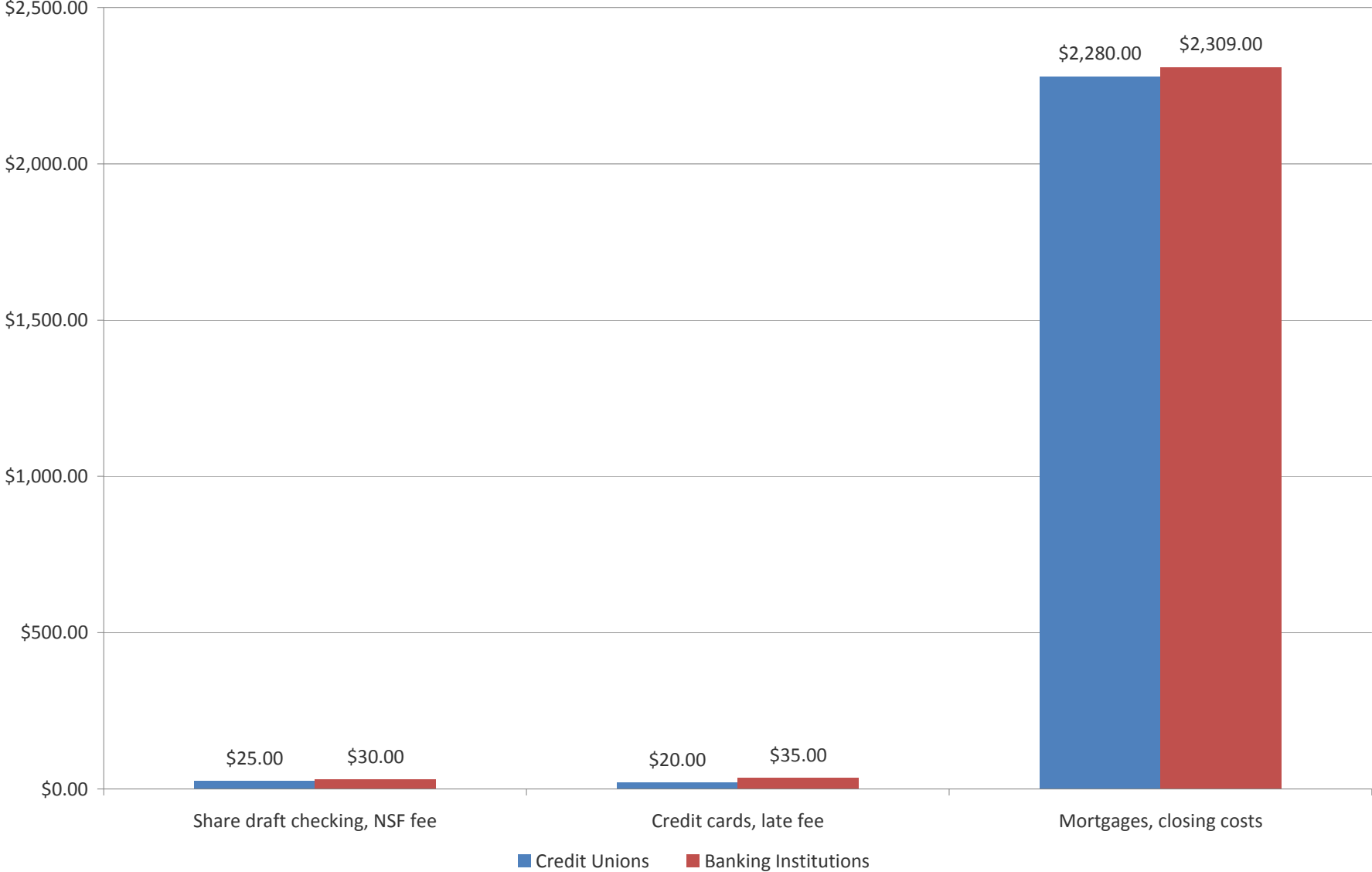


# Recent Comparative Interest Rates for Savings Products

## Credit Unions vs. Banking Institutions



# Selected December 2011 Fees Credit Unions vs Banking Institutions

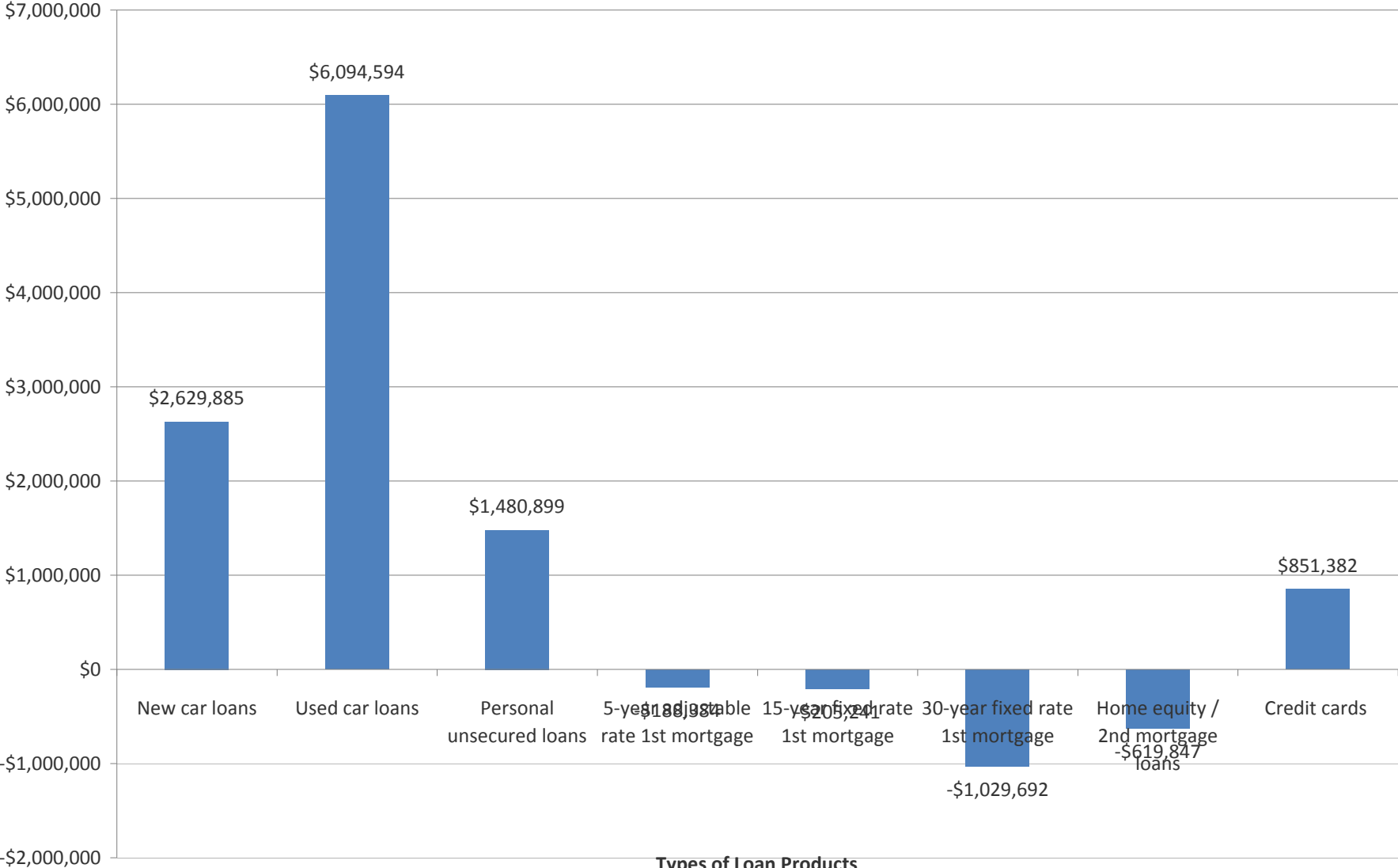


**Nevada**  
**Credit Union and Banking Institution**  
**Year-end 2011 Average Interest Rates and Fees**

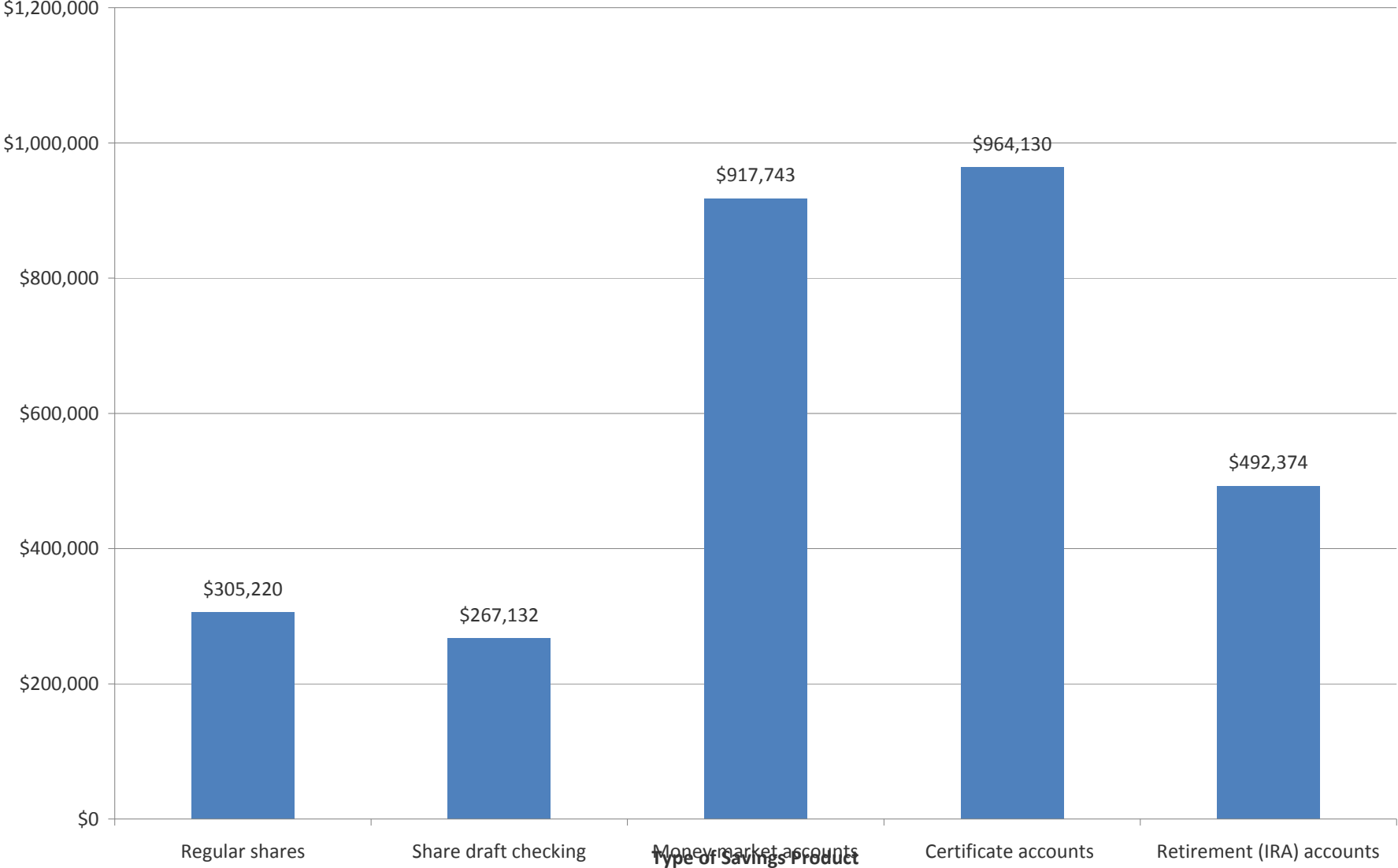
<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	4.02	5.24	-1.22
48-month used car (A paper)	4.04	5.48	-1.44
Unsecured loan (A paper)	10.24	12.75	-2.51
5-year adjustable rate 1st mortgage, 0 pts	3.52	3.46	0.06
15-year fixed rate 1st mortgage, 0 pts	3.73	3.60	0.14
30-year fixed rate 1st mortgage, 0 pts	4.39	4.24	0.16
Home equity / 2nd mtg, 80% LTV 0 pts	5.09	4.87	0.22
Credit card - classic	12.53	14.30	-1.77
Credit card - gold	10.75	9.99	0.76
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.13	0.11	0.03
Share draft checking, \$5,000 balance	0.11	0.06	0.05
Money market accounts	0.36	0.25	0.12
1 Year certificate \$10,000 balance	0.47	0.27	0.20
Retirement (IRA) accounts	0.42	0.26	0.16
<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 Nevada Credit Unions Financial Benefits Year-end 2011

### Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Nevada Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	215,564,385	-1.22	\$2,629,885
Used car loans	423,235,701	-1.44	\$6,094,594
Personal unsecured loans	59,117,734	-2.51	\$1,480,899
5-year adjustable rate 1st mortgage	342,516,900	0.06	-\$188,384
15-year fixed rate 1st mortgage	152,030,117	0.14	-\$205,241
30-year fixed rate 1st mortgage	664,317,315	0.16	-\$1,029,692
Home equity / 2nd mortgage loans	288,301,060	0.22	-\$619,847
Credit cards	74,846,734	-1.77	\$851,382
Interest rebates in period			\$9,485,100
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$18,498,696</b>

### Savings

Regular shares	1,220,879,124	0.03	\$305,220
Share draft checking	593,626,678	0.05	\$267,132
Money market accounts	798,037,000	0.12	\$917,743
Certificate accounts	482,065,145	0.20	\$964,130
Retirement (IRA) accounts	312,618,373	0.16	\$492,374
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$2,946,599</b>

### Fee Income

<b>Total CU member benefit arising from fewer/lower fees:</b>	<b>\$10,864,733</b>
<b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b>	<b>\$32,310,028</b>
<b>Total CU member benefit / member:</b>	<b>\$89</b>
<b>Total CU member benefit / member household:</b>	<b>\$169</b>

Source: Datatrac, NCUA, and CUNA

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

**Nevada**  
**Performance Profile**

<b>Demographic Information</b>	<b>Dec 11</b>	<b>Dec 10</b>
Number of branches	86	90
Total assets (\$ mil)	3,706	3,837
Total loans (\$ mil)	2,255	2,476
Total surplus funds (\$ mil)	1,396	1,269
Total savings (\$ mil)	3,382	3,489
Total members (thousands)	356	374
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	-3.4 %	-9.5 %
Total loans	-8.9 %	-14.9 %
Total surplus funds	9.9 %	2.1 %
Total savings	-3.1 %	-9.1 %
Total members	-4.7 %	-6.7 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	397	442
Dividend/interest cost of assets	50	79
Fee & other income	189	198
Operating expense	385	390
Loss Provisions	175	268
Net Income (ROA) after stabilization exp	-23	-96
<b>Capital adequacy</b>		
Net worth / assets	7.7	7.7
<b>Asset quality *</b>		
Delinquencies / loans	4.5	4.7
Net chargeoffs / average loans	2.8	4.3
Total borrower-bankruptcies	94	129
Bankruptcies per 1000 members	6.1	7.9
<b>Asset/Liability Management</b>		
Loans / savings	66.7	71.0
Loans / assets	60.9	64.5
Long-term assets / assets	40.5	36.3
Core deposits/shares & borrowings	55.7	50.6
<b>Productivity</b>		
Members/potential members	7.4	7.8
Borrowers/members	41.4	45.4
Members/FTE	350	345
Average shares/members (\$)	9,499	9,340
Average loan balances (\$)	15,289	14,608
Salary & Benefits/FTE	62,113	61,783

\* 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.