

The Benefits of Membership

Customized Analysis of Member Benefits For:

Utah

December 2011

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Economics and Statistics Department***



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 \$162,073,797 in direct financial benefits to the state's 1,702,831 members during the twelve months ending December 2011.

These benefits are equivalent to \$95 per member or \$181 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 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 \$222 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.

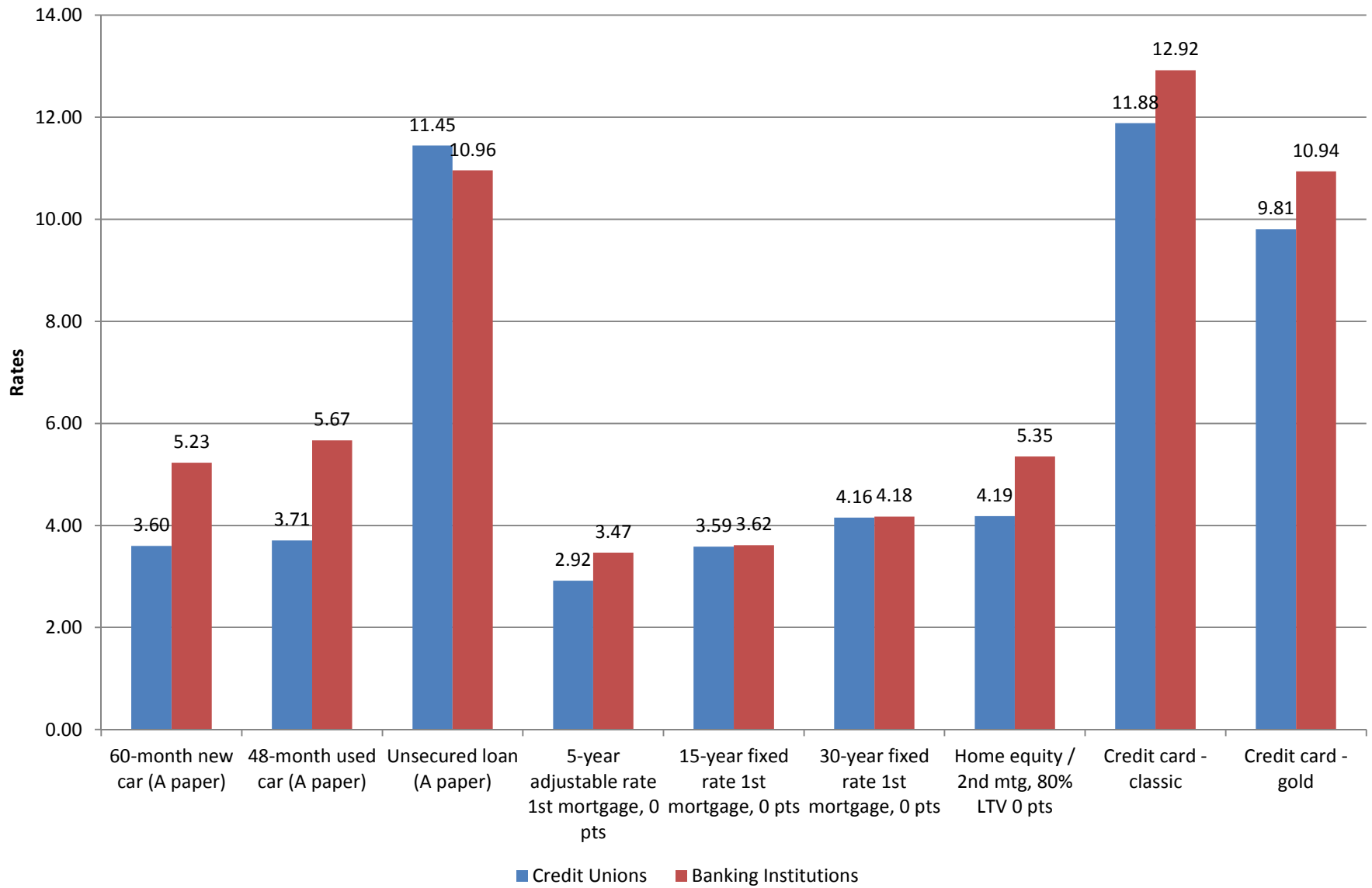
Utah credit unions excel in providing member benefits on many loan and saving products. In particular, Utah credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-fixed rate, first mortgage-adjustable rate, home equity loans, credit cards 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.

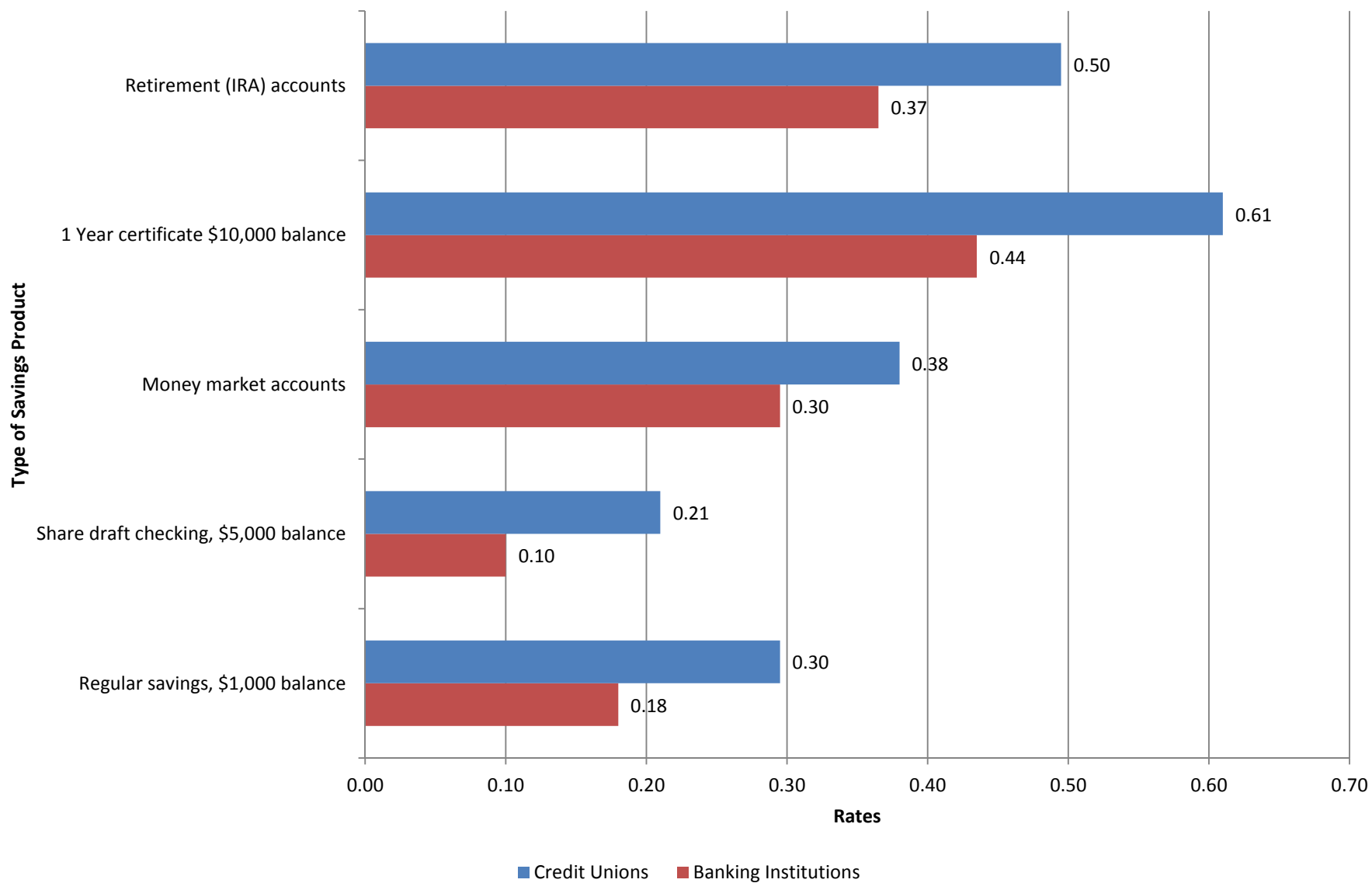


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

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



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



Selected December 2011 Fees Credit Unions vs Banking Institutions

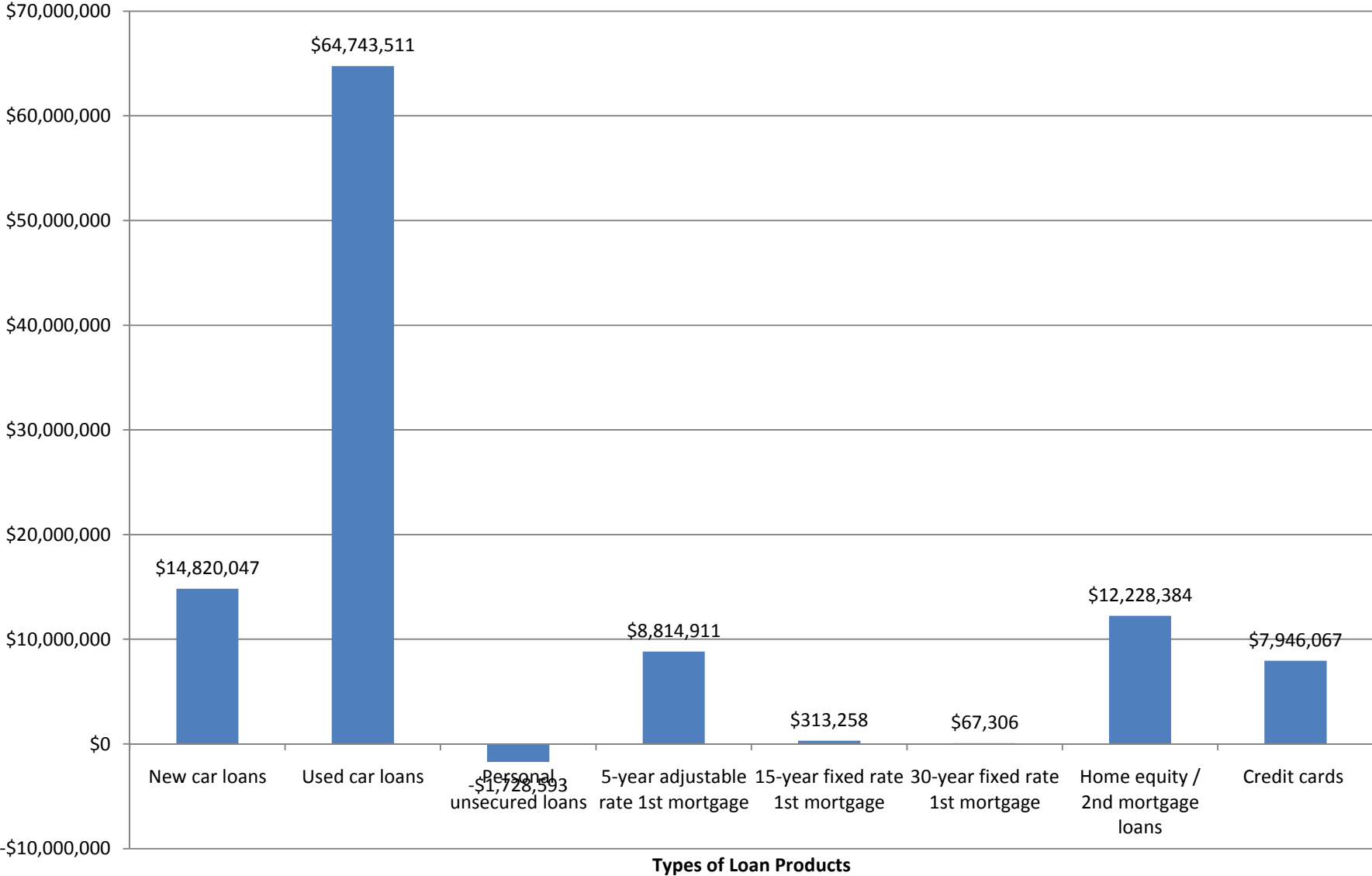


Utah
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

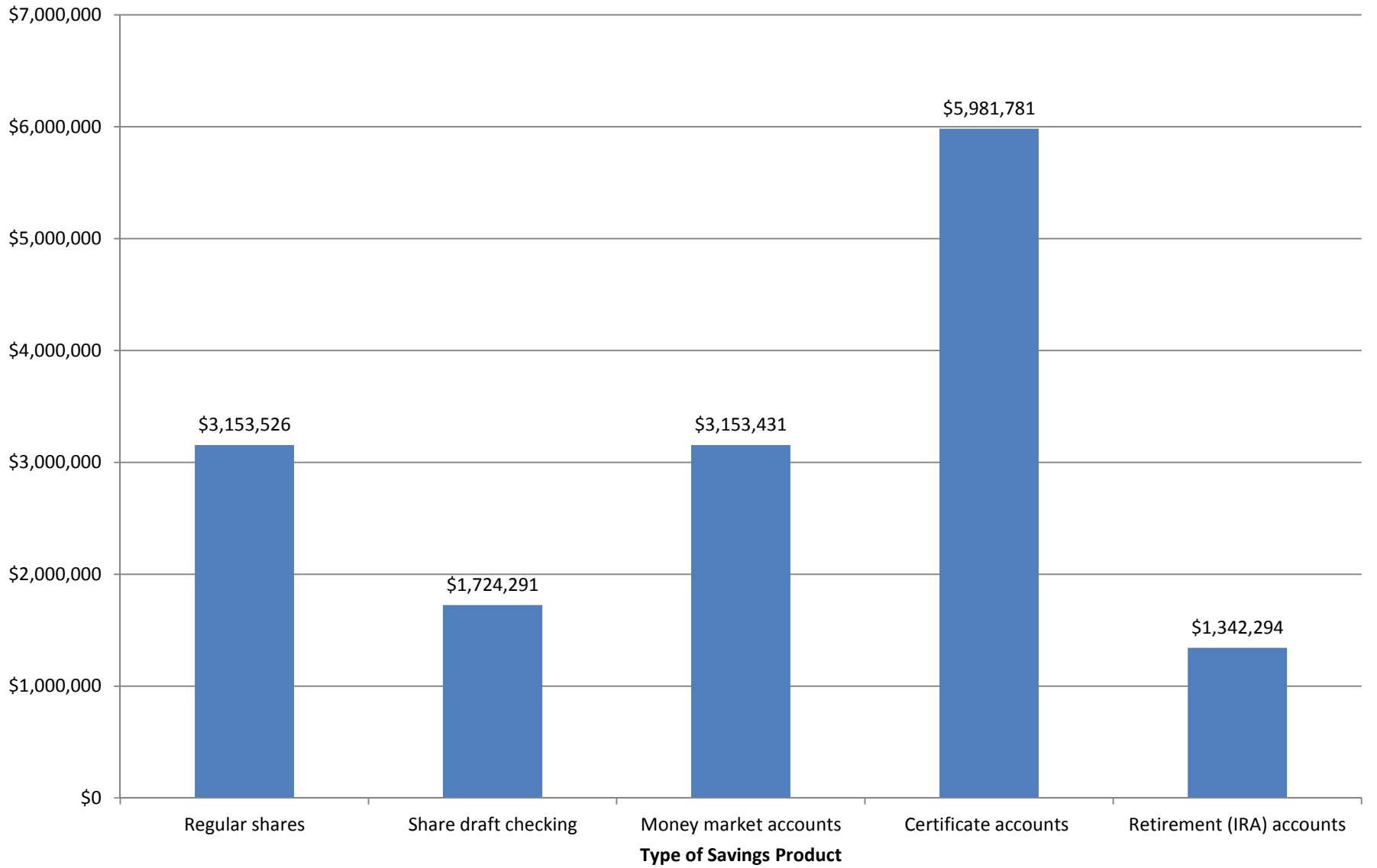
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.60	5.23	-1.63
48-month used car (A paper)	3.71	5.67	-1.96
Unsecured loan (A paper)	11.45	10.96	0.49
5-year adjustable rate 1st mortgage, 0 pts	2.92	3.47	-0.55
15-year fixed rate 1st mortgage, 0 pts	3.59	3.62	-0.03
30-year fixed rate 1st mortgage, 0 pts	4.16	4.18	-0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.19	5.35	-1.17
Credit card - classic	11.88	12.92	-1.04
Credit card - gold	9.81	10.94	-1.14
Savings Products			
Regular savings, \$1,000 balance	0.30	0.18	0.12
Share draft checking, \$5,000 balance	0.21	0.10	0.11
Money market accounts	0.38	0.30	0.09
1 Year certificate \$10,000 balance	0.61	0.44	0.18
Retirement (IRA) accounts	0.50	0.37	0.13
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 Total Loan Rate Benefit Credit Unions vs Banking Institutions



Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



Estimated Utah Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Utah Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	909,205,345	-1.63	\$14,820,047
Used car loans	3,303,240,348	-1.96	\$64,743,511
Personal unsecured loans	352,774,012	0.49	-\$1,728,593
5-year adjustable rate 1st mortgage	1,602,711,049	-0.55	\$8,814,911
15-year fixed rate 1st mortgage	1,044,193,566	-0.03	\$313,258
30-year fixed rate 1st mortgage	336,527,953	-0.02	\$67,306
Home equity / 2nd mortgage loans	1,049,646,703	-1.17	\$12,228,384
Credit cards	746,986,361	-1.04	\$7,946,067
Interest rebates in period			\$8,529
Total CU member benefits arising from lower interest rates on loan products:			\$107,213,420
 <u>Savings</u>			
Regular shares	2,742,196,294	0.12	\$3,153,526
Share draft checking	1,567,537,108	0.11	\$1,724,291
Money market accounts	3,709,919,397	0.09	\$3,153,431
Certificate accounts	3,418,160,528	0.18	\$5,981,781
Retirement (IRA) accounts	1,032,533,632	0.13	\$1,342,294
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$15,355,323
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$39,505,054
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$162,073,797
 Total CU member benefit / member:			\$95
Total CU member benefit / member household:			\$181

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;

Utah
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	430	443
Total assets (\$ mil)	14,513	14,333
Total loans (\$ mil)	10,085	10,440
Total surplus funds (\$ mil)	3,846	3,201
Total savings (\$ mil)	13,077	13,037
Total members (thousands)	1,732	1,729
Growth Rates (Trailing 12 months) *		
Total assets	1.3 %	-4.5 %
Total loans	-3.4 %	-10.3 %
Total surplus funds	20.1 %	24.3 %
Total savings	0.3 %	-4.1 %
Total members	0.2 %	-3.5 %
Earnings - Basis Pts. *		
Yield on total assets	431	481
Dividend/interest cost of assets	84	120
Fee & other income	222	214
Operating expense	394	387
Loss Provisions	119	183
Net Income (ROA) after stabilization exp	57	6
Capital adequacy		
Net worth / assets	8.8	8.3
Asset quality *		
Delinquencies / loans	2.3	3.5
Net chargeoffs / average loans	1.5	1.7
Total borrower-bankruptcies	112	105
Bankruptcies per 1000 members	5.6	5.7
Asset/Liability Management		
Loans / savings	77.1	80.1
Loans / assets	69.5	72.8
Long-term assets / assets	26.3	25.9
Core deposits/shares & borrowings	35.2	31.8
Productivity		
Members/potential members	7.8	7.4
Borrowers/members	62.6	64.8
Members/FTE	355	349
Average shares/members (\$)	7,549	7,542
Average loan balances (\$)	9,306	9,322
Salary & Benefits/FTE	51,461	50,129

* 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.