

The Benefits of Membership

Customized Analysis of Member Benefits For:

Washington

December 2011

Prepared by:

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Washington

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 Washington credit unions provided \$209,253,658 in direct financial benefits to the state's 2,729,791 members during the twelve months ending December 2011.

These benefits are equivalent to \$77 per member or \$146 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 Washington 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 Washington credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Washington credit union will save members an average \$215 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.

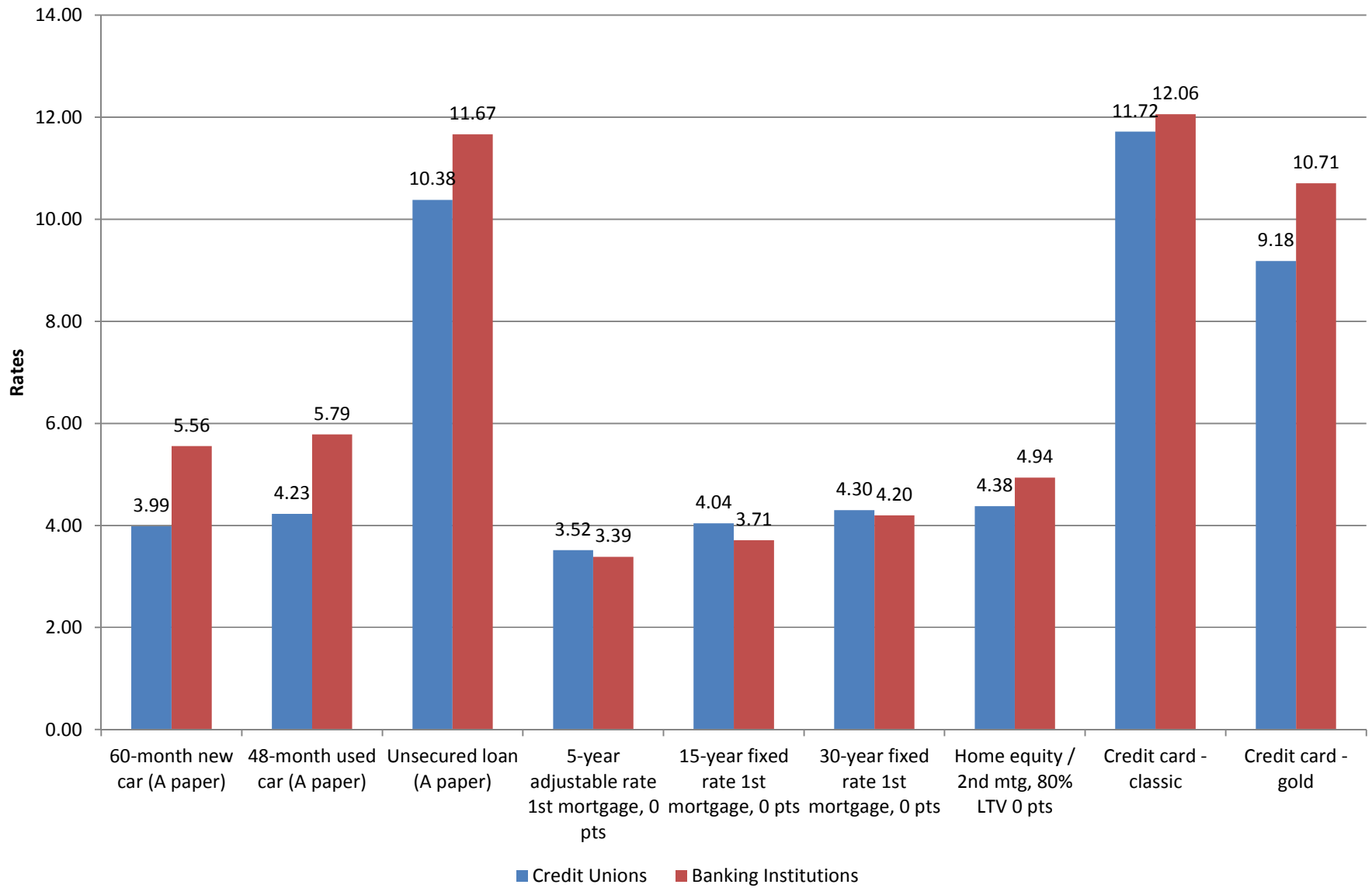
Washington credit unions excel in providing member benefits on many loan and saving products. In particular, Washington credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans, credit cards loans.

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

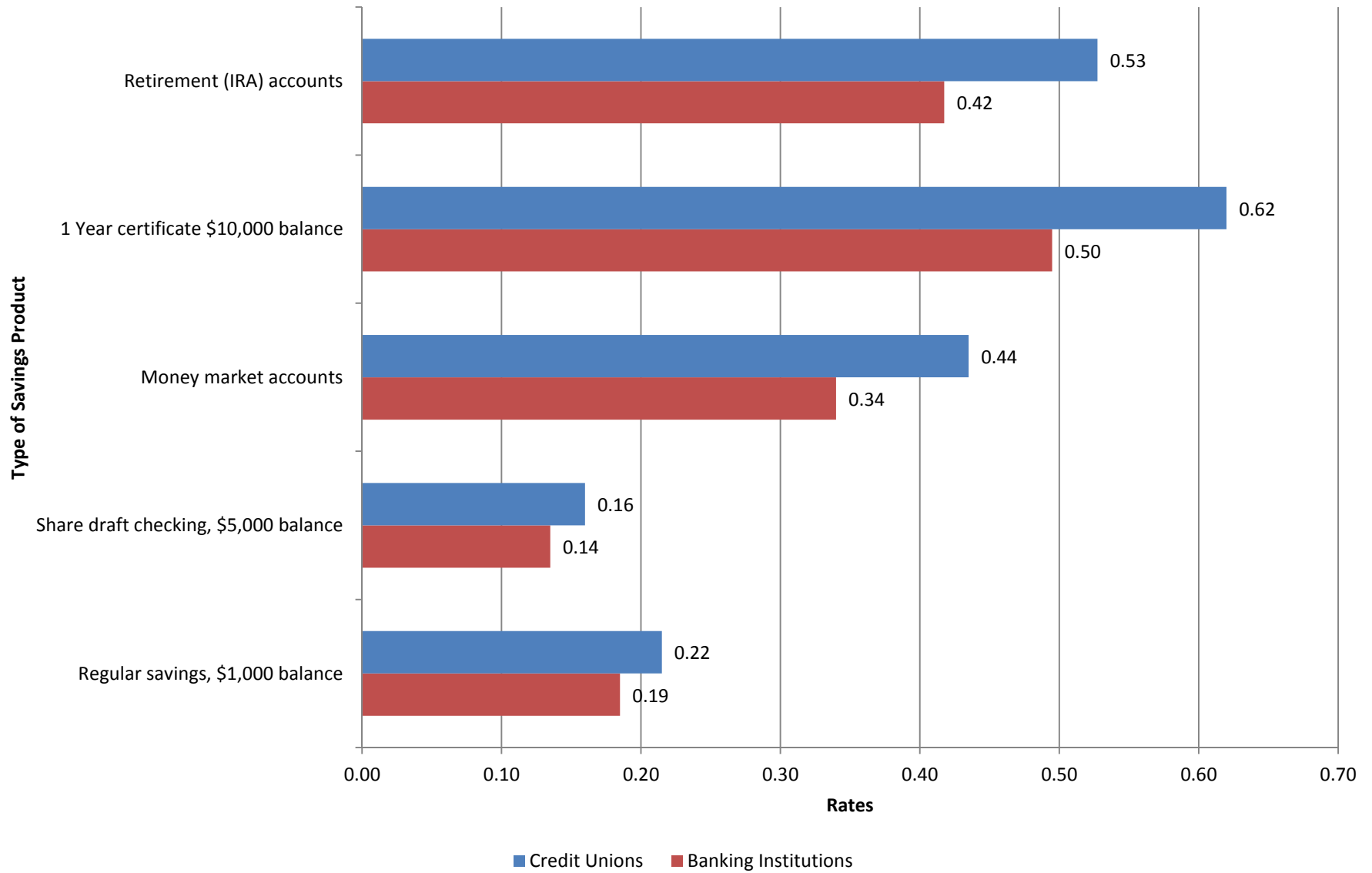


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

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

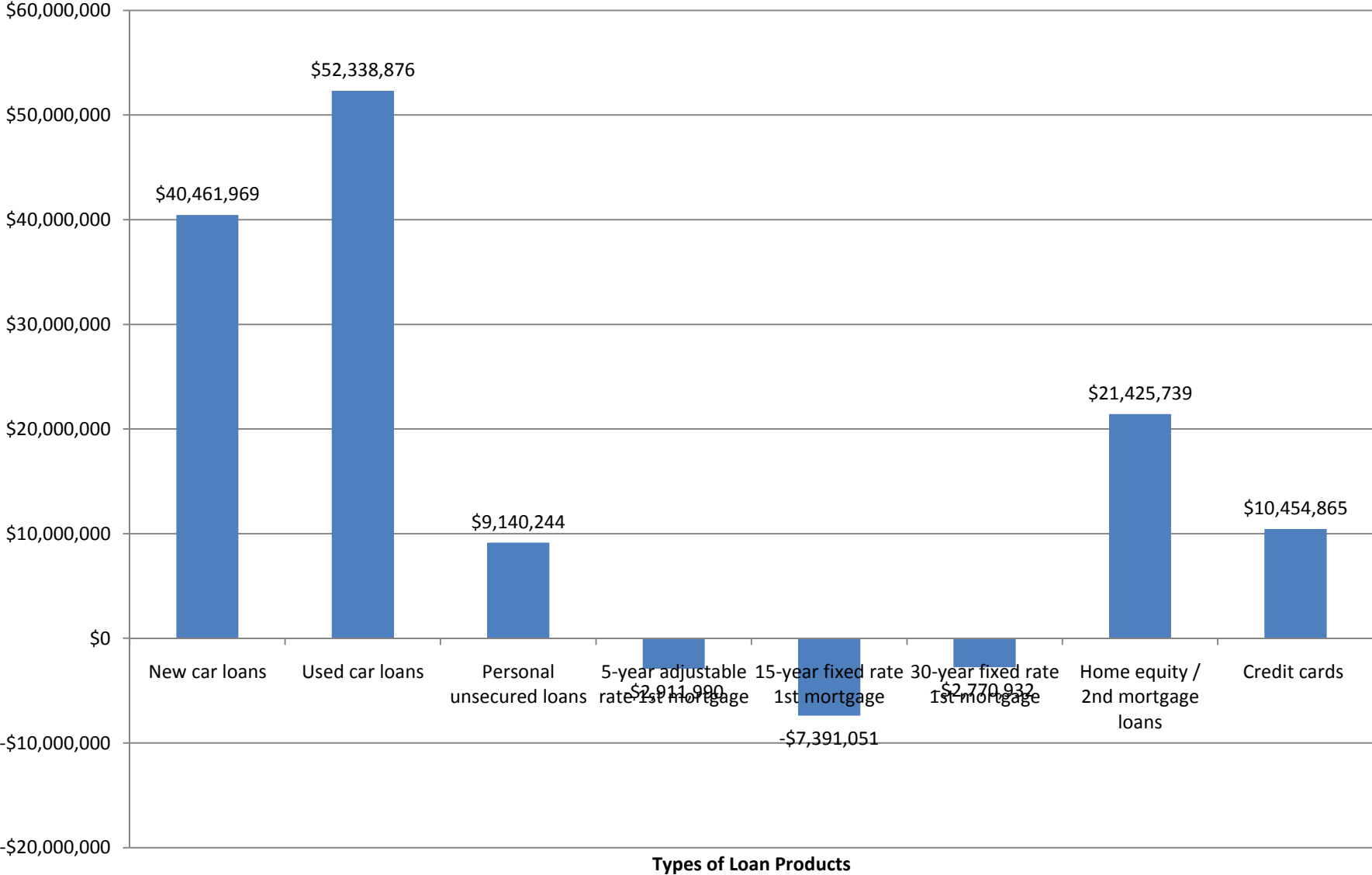


Washington
Credit Union and Banking Instituion
Year-end 2011 Average Interest Rates and Fees

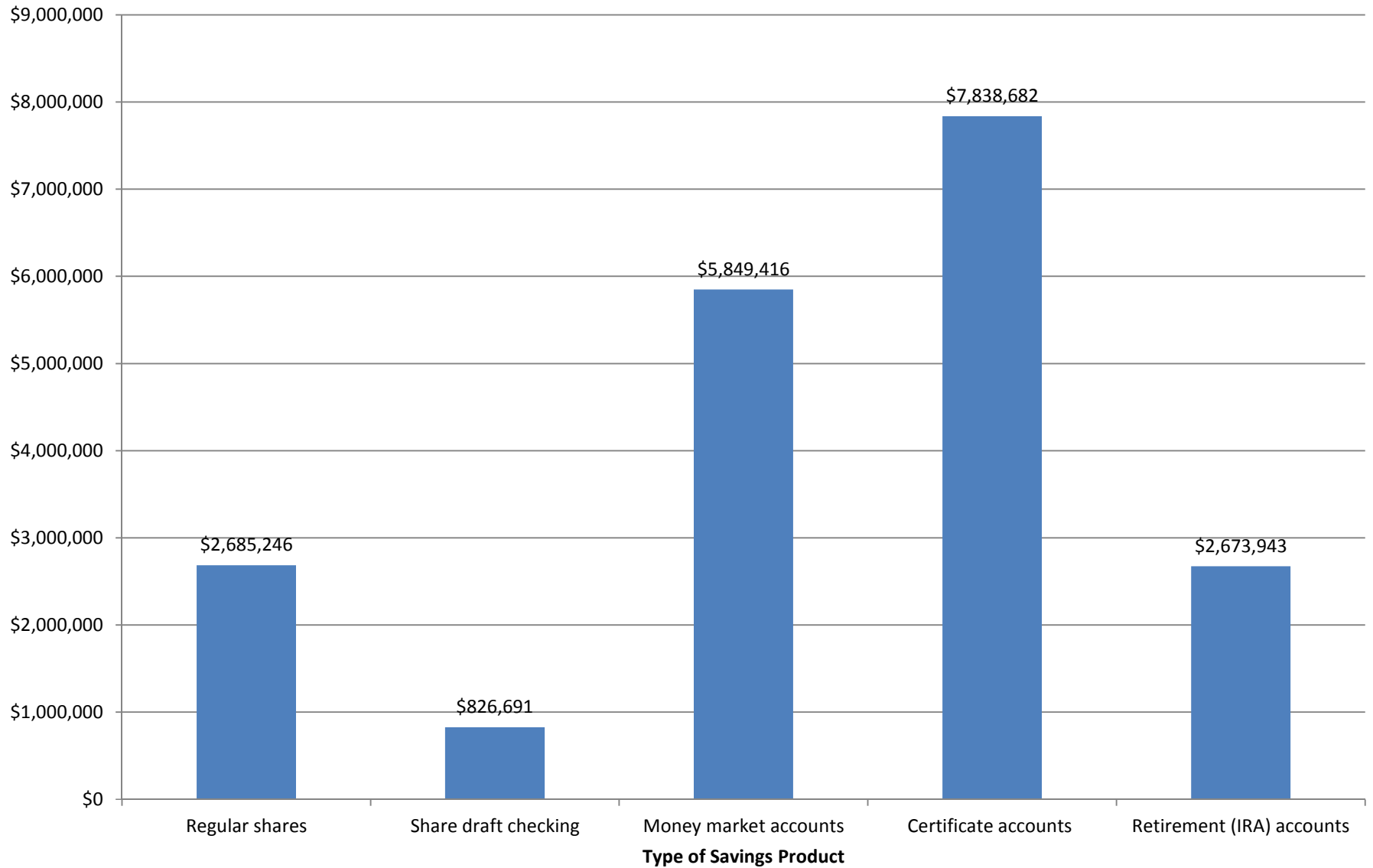
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.99	5.56	-1.57
48-month used car (A paper)	4.23	5.79	-1.56
Unsecured loan (A paper)	10.38	11.67	-1.29
5-year adjustable rate 1st mortgage, 0 pts	3.52	3.39	0.13
15-year fixed rate 1st mortgage, 0 pts	4.04	3.71	0.33
30-year fixed rate 1st mortgage, 0 pts	4.30	4.20	0.11
Home equity / 2nd mtg, 80% LTV 0 pts	4.38	4.94	-0.56
Credit card - classic	11.72	12.06	-0.34
Credit card - gold	9.18	10.71	-1.53
Savings Products			
Regular savings, \$1,000 balance	0.22	0.19	0.03
Share draft checking, \$5,000 balance	0.16	0.14	0.03
Money market accounts	0.44	0.34	0.10
1 Year certificate \$10,000 balance	0.62	0.50	0.13
Retirement (IRA) accounts	0.53	0.42	0.11
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 Washington Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Washington Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,577,195,464	-1.57	\$40,461,969
Used car loans	3,355,056,138	-1.56	\$52,338,876
Personal unsecured loans	711,303,008	-1.29	\$9,140,244
5-year adjustable rate 1st mortgage	2,239,992,004	0.13	-\$2,911,990
15-year fixed rate 1st mortgage	2,239,712,499	0.33	-\$7,391,051
30-year fixed rate 1st mortgage	2,638,983,158	0.11	-\$2,770,932
Home equity / 2nd mortgage loans	3,826,024,836	-0.56	\$21,425,739
Credit cards	1,643,200,863	-0.34	\$10,454,865
Interest rebates in period			\$6,903
Total CU member benefits arising from lower interest rates on loan products:			\$120,754,623
 <u>Savings</u>			
Regular shares	8,950,819,570	0.03	\$2,685,246
Share draft checking	3,306,762,832	0.03	\$826,691
Money market accounts	6,157,279,940	0.10	\$5,849,416
Certificate accounts	6,270,945,987	0.13	\$7,838,682
Retirement (IRA) accounts	2,430,857,009	0.11	\$2,673,943
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$19,873,978
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$68,625,058
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$209,253,658
 Total CU member benefit / member:			\$77
Total CU member benefit / member household:			\$146

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;

**Washington
Performance Profile**

Demographic Information	Dec 11	Dec 10
Number of branches	507	506
Total assets (\$ mil)	32,038	30,145
Total loans (\$ mil)	20,881	20,660
Total surplus funds (\$ mil)	9,950	8,377
Total savings (\$ mil)	28,380	26,771
Total members (thousands)	2,835	2,731
Growth Rates (Trailing 12 months) *		
Total assets	6.3 %	4.4 %
Total loans	1.1 %	-0.5 %
Total surplus funds	18.8 %	18.3 %
Total savings	6.0 %	4.9 %
Total members	3.8 %	2.8 %
Earnings - Basis Pts. *		
Yield on total assets	417	462
Dividend/interest cost of assets	76	108
Fee & other income	147	149
Operating expense	336	345
Loss Provisions	62	104
Net Income (ROA) after stabilization exp	89	53
Capital adequacy		
Net worth / assets	9.5	9.3
Asset quality *		
Delinquencies / loans	1.4	1.7
Net chargeoffs / average loans	1.1	1.4
Total borrower-bankruptcies	89	106
Bankruptcies per 1000 members	3.5	4.4
Asset/Liability Management		
Loans / savings	73.6	77.2
Loans / assets	65.2	68.5
Long-term assets / assets	34.3	35.3
Core deposits/shares & borrowings	46.6	42.8
Productivity		
Members/potential members	3.0	2.8
Borrowers/members	52.7	53.5
Members/FTE	386	373
Average shares/members (\$)	10,009	9,801
Average loan balances (\$)	13,982	14,127
Salary & Benefits/FTE	65,276	64,451

* 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.