

The Benefits of Membership

Customized Analysis of Member Benefits For:

Colorado

December 2014

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 savings rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Colorado credit unions provided \$98,692,839 in direct financial benefits to the state's 1,565,105 members during the twelve months ending December 2014.

These benefits are equivalent to \$63 per member or \$120 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 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 \$136 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 savings 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.

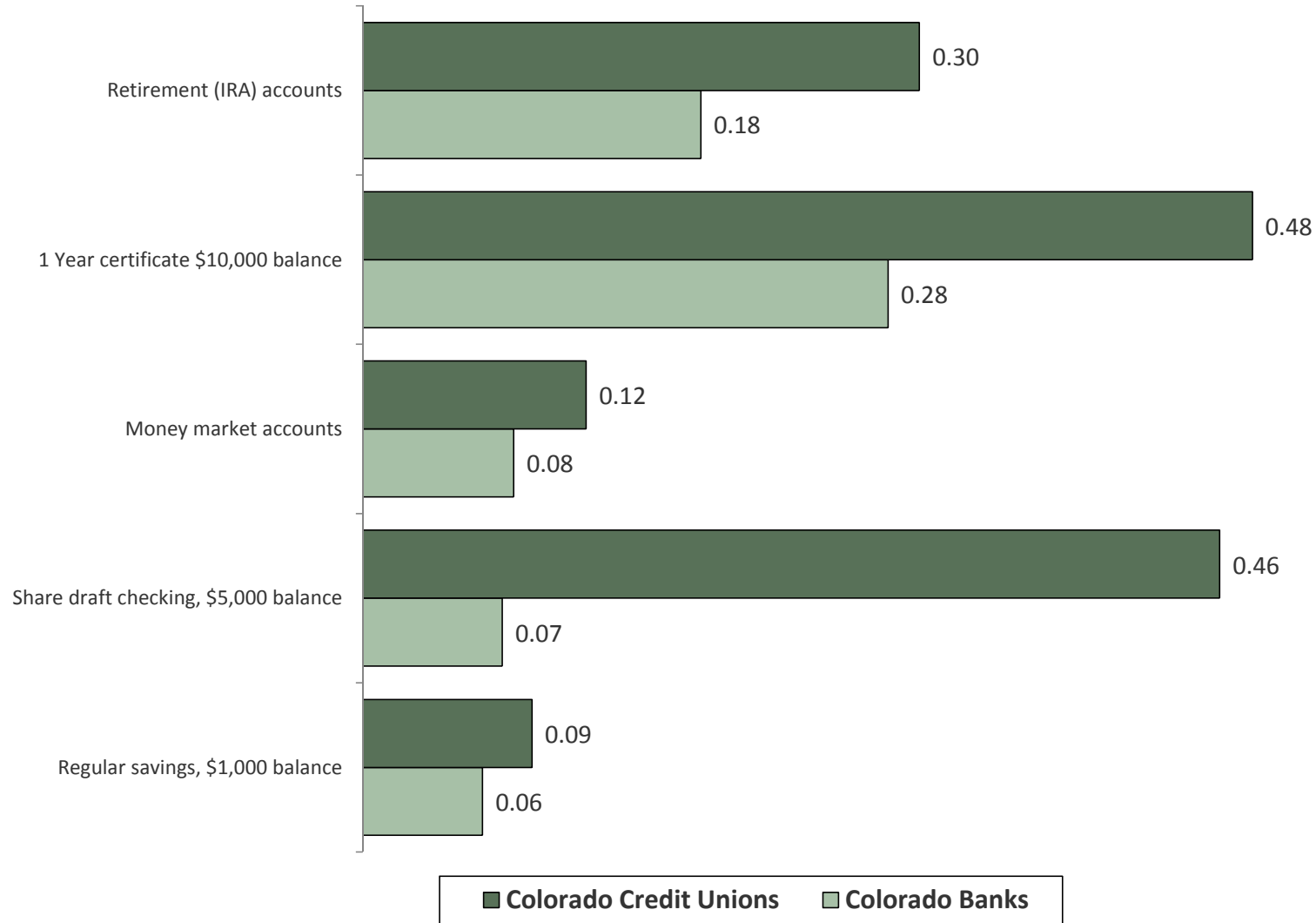
Colorado credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



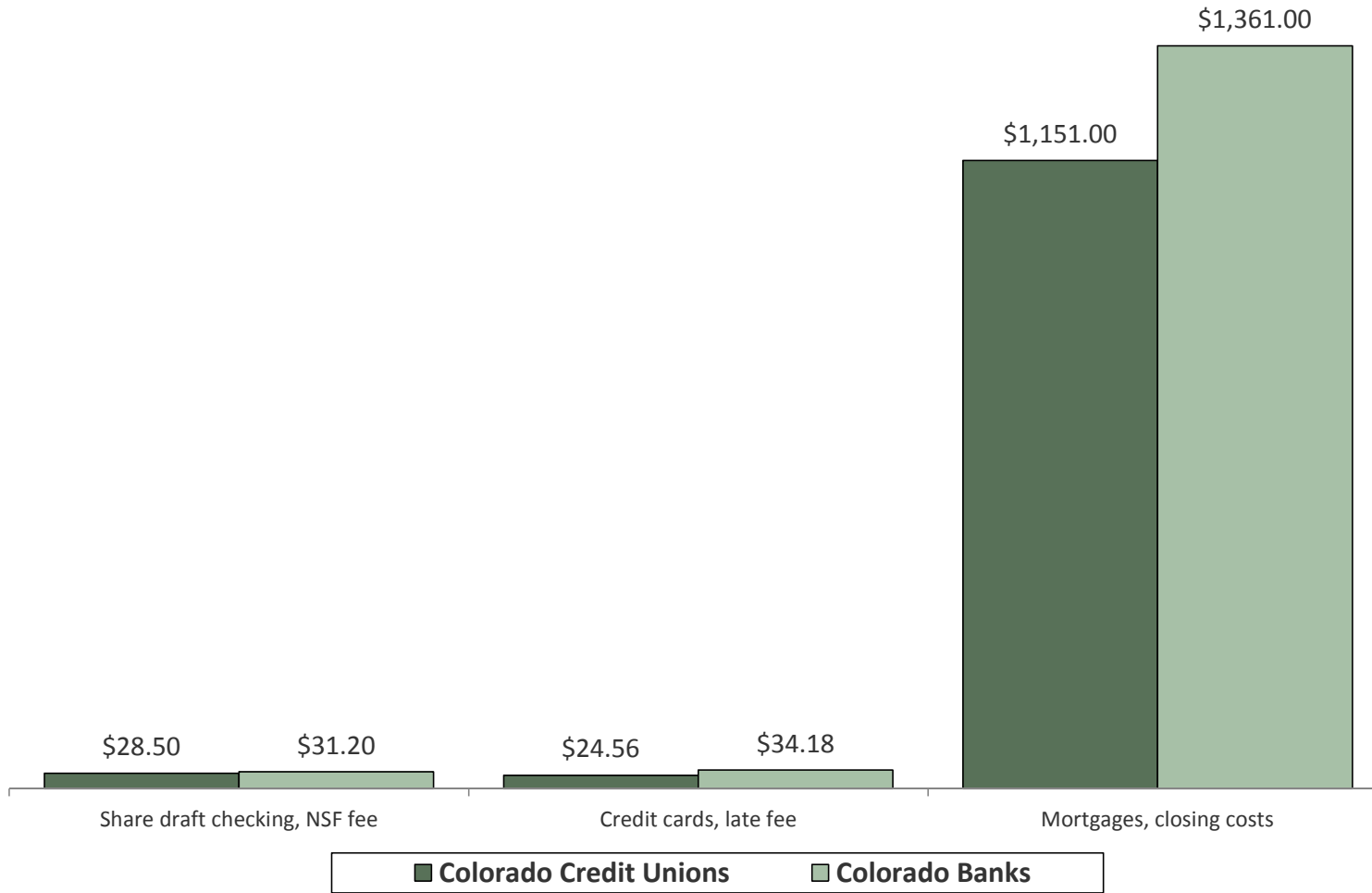
Source: Informa Research Services, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type

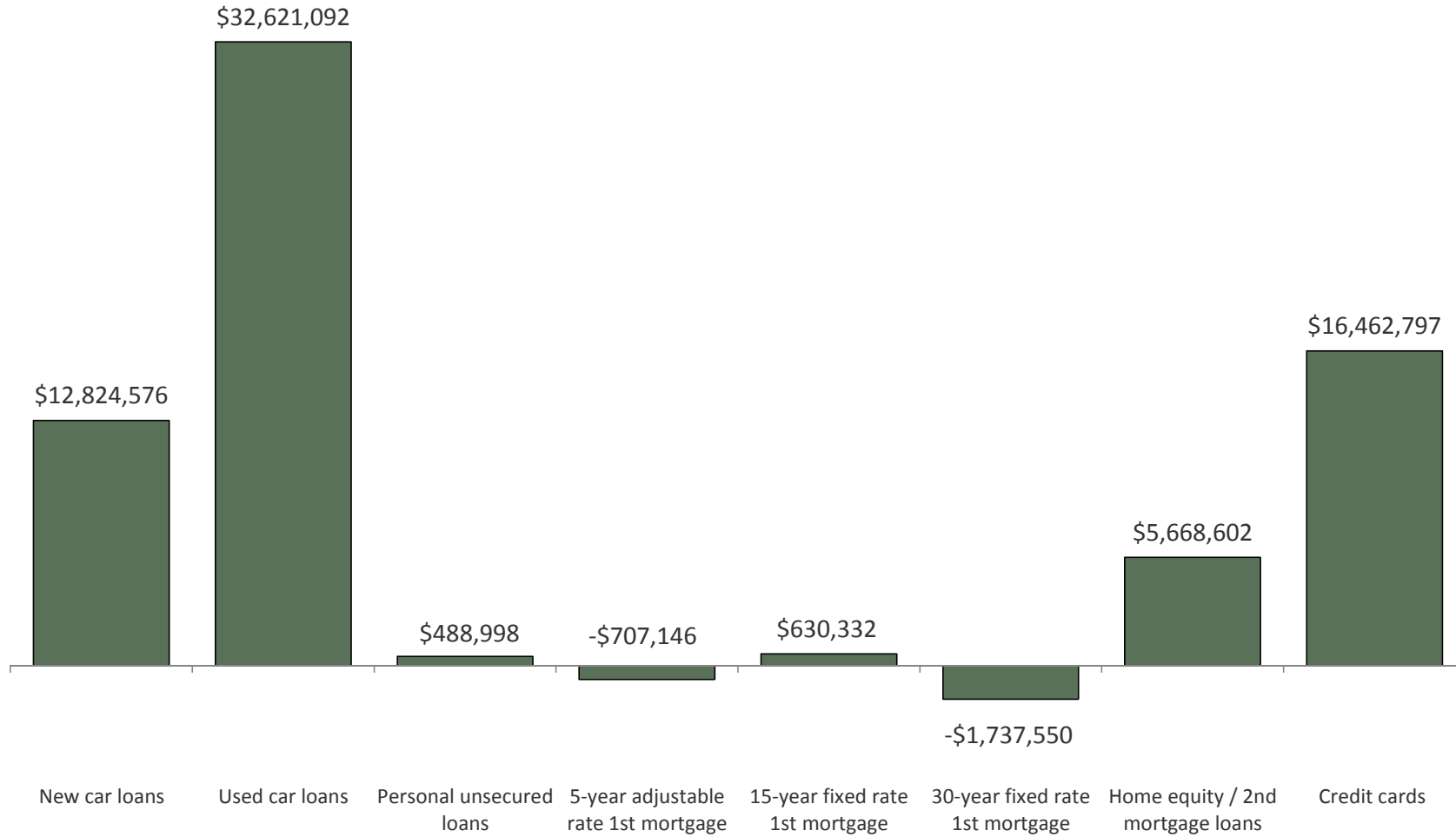


Colorado
Credit Union and Banking Institution
Year-End 2014 Average Interest Rates and Fees

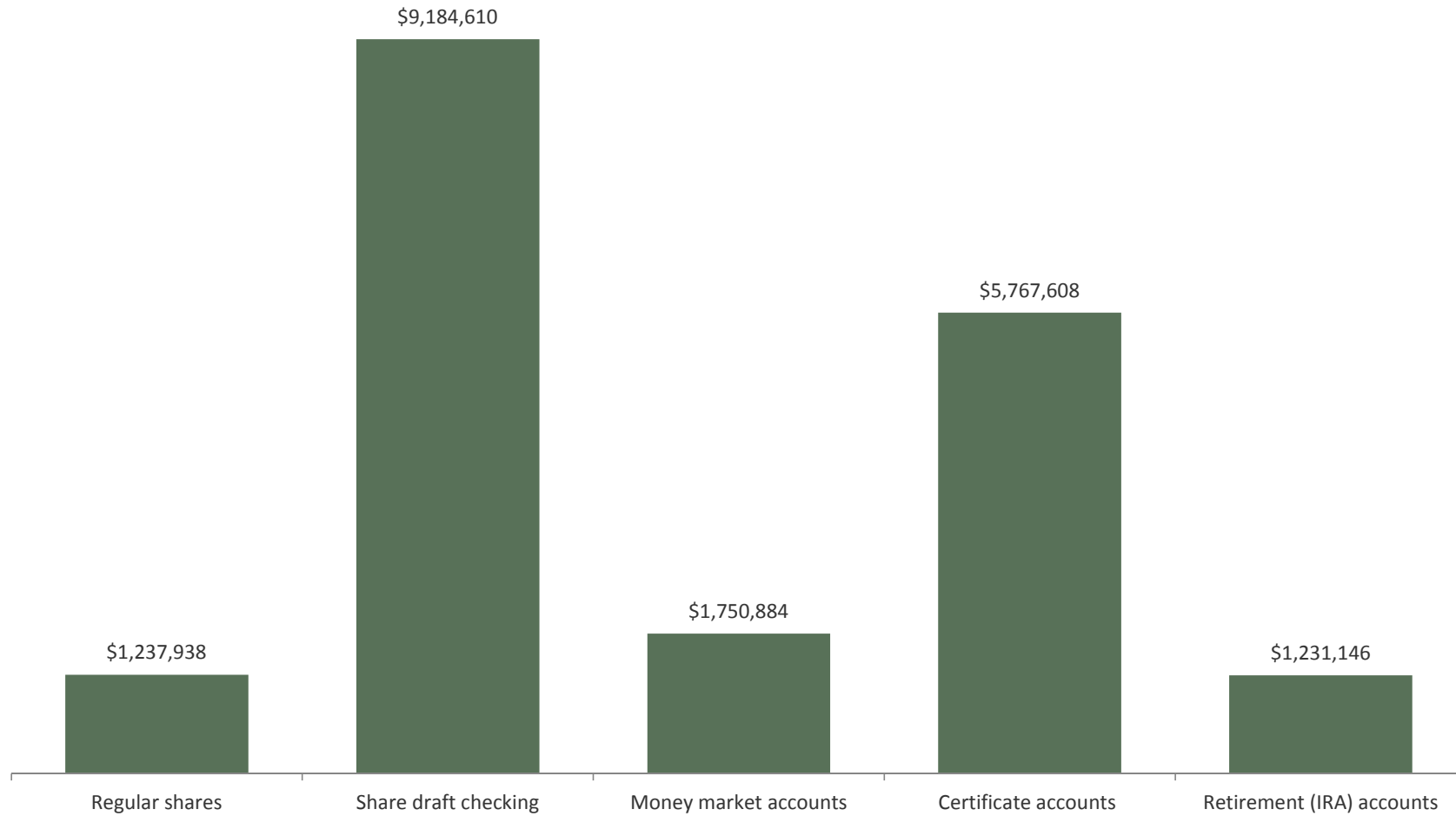
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.00	4.01	-1.01
48-month used car (A paper)	3.09	4.16	-1.07
Unsecured loan (A paper)	9.68	9.85	-0.17
5-year adjustable rate 1st mortgage, 0 pts	3.00	2.93	0.07
15-year fixed rate 1st mortgage, 0 pts	3.16	3.20	-0.04
30-year fixed rate 1st mortgage, 0 pts	3.92	3.84	0.08
Home equity / 2nd mtg, 80% LTV 0 pts	4.26	4.68	-0.42
Credit card - classic	11.80	15.90	-4.10
Credit card - gold	10.60	11.84	-1.24
Savings Products			
Regular savings, \$1,000 balance	0.09	0.06	0.03
Share draft checking, \$5,000 balance	0.46	0.07	0.39
Money market accounts	0.12	0.08	0.04
1 Year certificate \$10,000 balance	0.48	0.28	0.20
Retirement (IRA) accounts	0.30	0.18	0.12
Fee Income			
Share draft checking, NSF fee	\$28.50	\$31.20	-\$2.70
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Informa Research Services

State Credit Unions' Total Loan Rate Benefits Compared to State Banking Institutions by Loan Type



State Credit Unions' Total Savings Dividend Benefits Compared to State Banking Institutions by Account Type



Estimated Financial Benefits for Colorado Credit Unions Year-End 2014

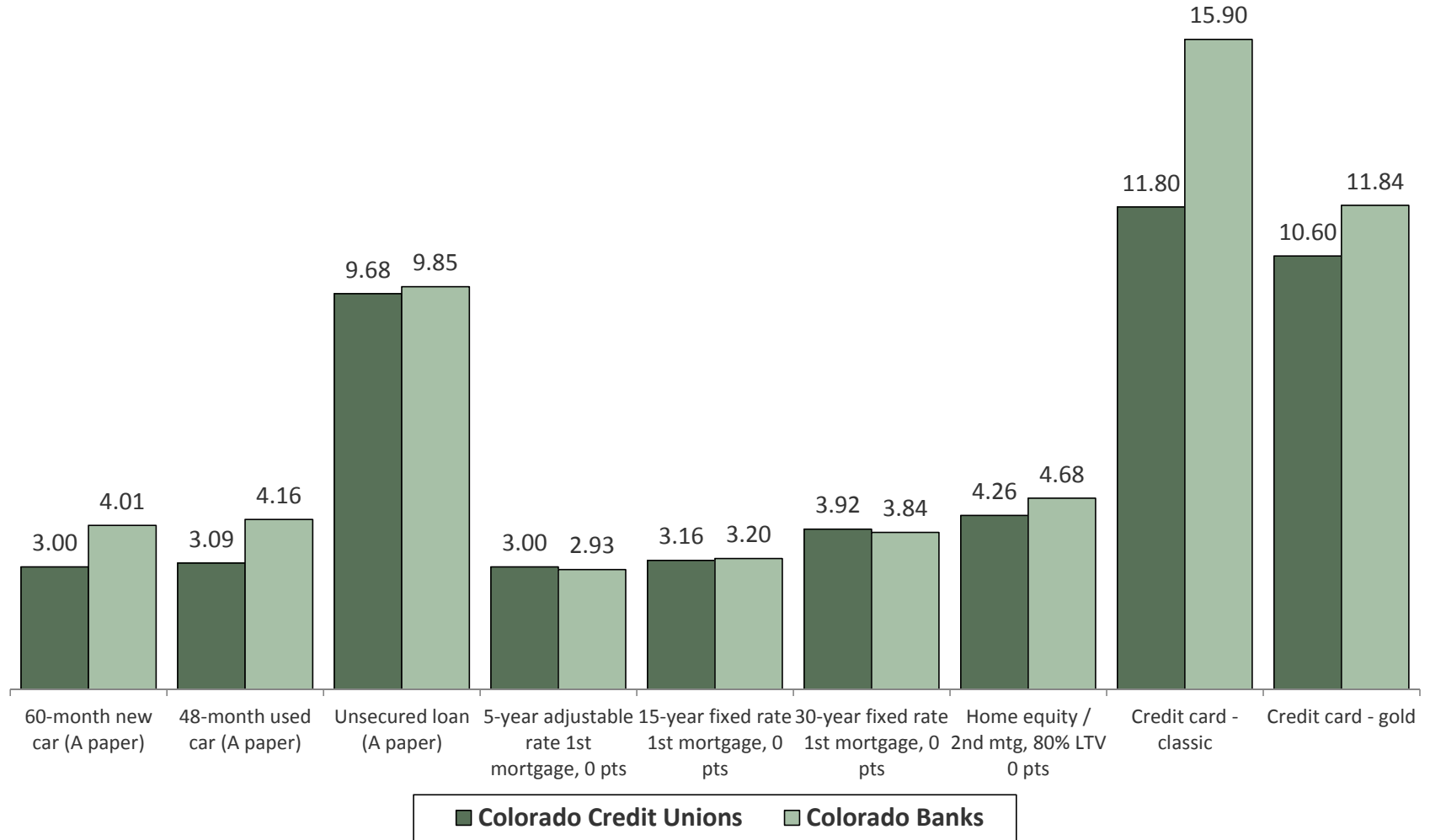
<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Colorado Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,267,250,593	-1.01	\$12,824,576
Used car loans	3,051,552,111	-1.07	\$32,621,092
Personal unsecured loans	284,301,321	-0.17	\$488,998
5-year adjustable rate 1st mortgage	1,039,920,798	0.07	-\$707,146
15-year fixed rate 1st mortgage	1,537,395,839	-0.04	\$630,332
30-year fixed rate 1st mortgage	2,093,434,140	0.08	-\$1,737,550
Home equity / 2nd mortgage loans	1,352,888,399	-0.42	\$5,668,602
Credit cards	486,345,544	-4.10	\$16,462,797
Interest rebates in period			\$18,940
Total CU member benefits arising from lower interest rates on loan products:			\$66,270,641
 <u>Savings</u>			
Regular shares	4,656,729,181	0.03	\$1,237,938
Share draft checking	2,381,986,524	0.39	\$9,184,610
Money market accounts	4,488,181,944	0.04	\$1,750,884
Certificate accounts	2,945,389,568	0.20	\$5,767,608
Retirement (IRA) accounts	1,048,545,873	0.12	\$1,231,146
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$19,172,186
 <u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$13,250,012
 Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$98,692,839
 Total CU member benefit / member:			\$63
Total CU member benefit / member household:			\$120

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of December 2014 and December 2013, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

Loan Product Comparative Interest Rates (%)

By Loan Type



**Colorado
Performance Profile**

Demographic Information	Dec 14	Dec 13
Number of branches	291	294
Total assets (\$ mil)	18,993	17,959
Total loans (\$ mil)	12,318	10,799
Total surplus funds (\$ mil)	5,989	6,540
Total savings (\$ mil)	16,092	15,352
Total members (thousands)	1,601	1,542
Growth Rates (Trailing 12 months) *		
Total assets	6.4 %	5.3 %
Total loans	14.6 %	10.6 %
Total surplus funds	-7.7 %	-2.1 %
Total savings	5.4 %	4.8 %
Total members	4.7 %	4.0 %
Earnings - Basis Pts. *		
Yield on total assets	325	320
Dividend / interest cost of assets	45	41
Fee & other income	129	145
Operating expense	304	314
Loss Provisions	18	29
Net Income (ROA) after stabilization exp	86	81
Capital adequacy		
Net worth / assets	11.4	11.1
Asset quality *		
Delinquencies / loans	0.5	0.7
Net chargeoffs / average loans	0.3	0.4
Total borrower-bankruptcies	32	39
Bankruptcies per 1000 members	1.7	2.3
Asset/Liability Management		
Loans / savings	76.5	70.3
Loans / assets	64.9	60.1
Long-term assets / assets	33.3	35.2
Core deposits/shares & borrowings	46.0	43.7
Productivity		
Members / potential members	6.5	6.1
Borrowers / members	58.4	57.1
Members / FTE	403	391
Average shares / members (\$)	10,052	9,953
Average loan balances (\$)	13,174	12,269
Salary & Benefits / FTE	68,654	67,525

* 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.