



Washington Membership Benefits Report

Third Quarter 2016

Washington

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 Washington credit unions provided \$356,514,634 in direct financial benefits to the state's 3,421,953 members during the twelve months ending September 2016.

These benefits are equivalent to \$104 per member or \$198 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 \$127 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.

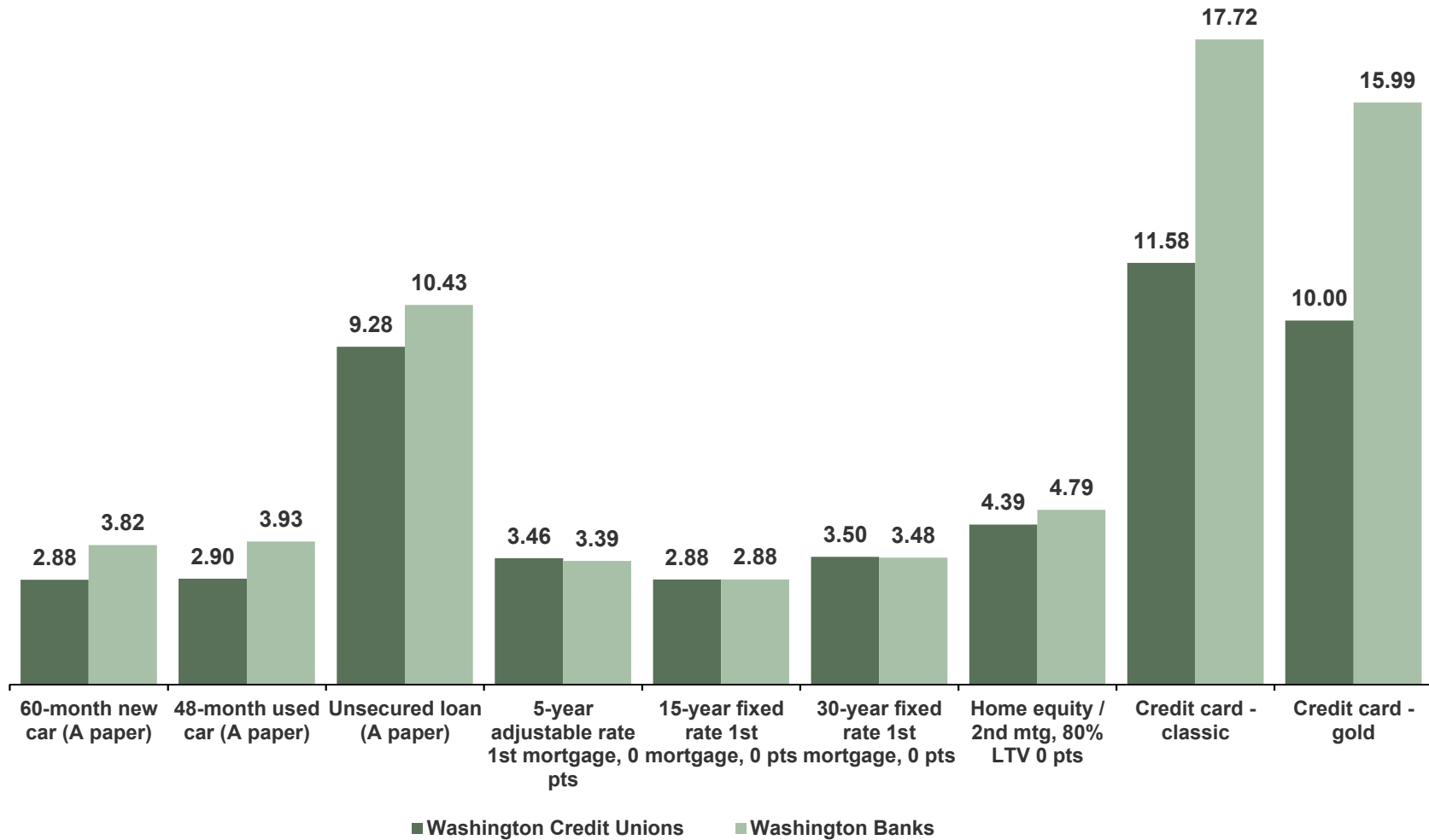
Washington credit unions excel in providing member benefits on many loan and savings products. In particular, Washington credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans, credit cards loans.

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



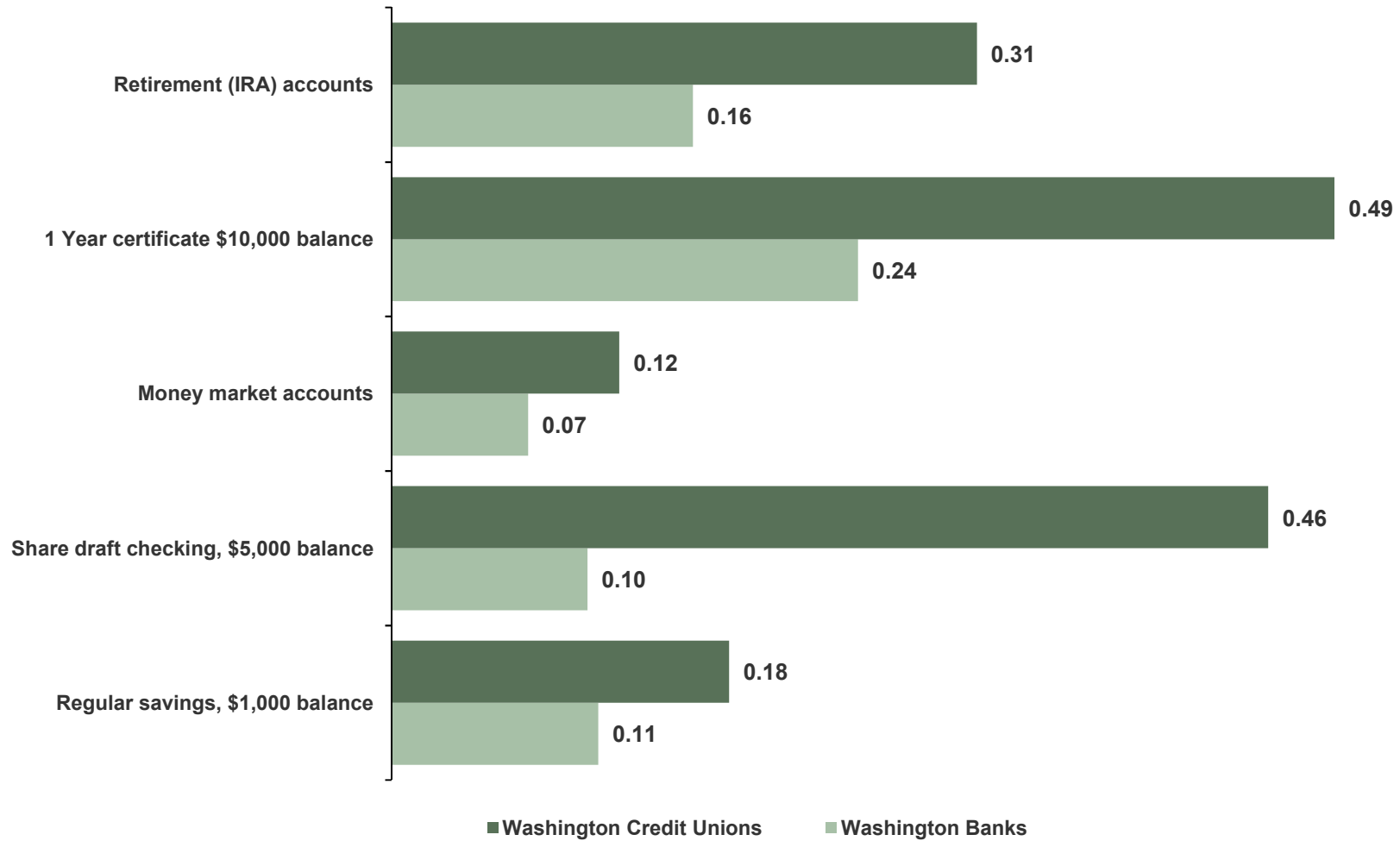
Loan Product Comparative Interest Rates (%)

by Loan Type



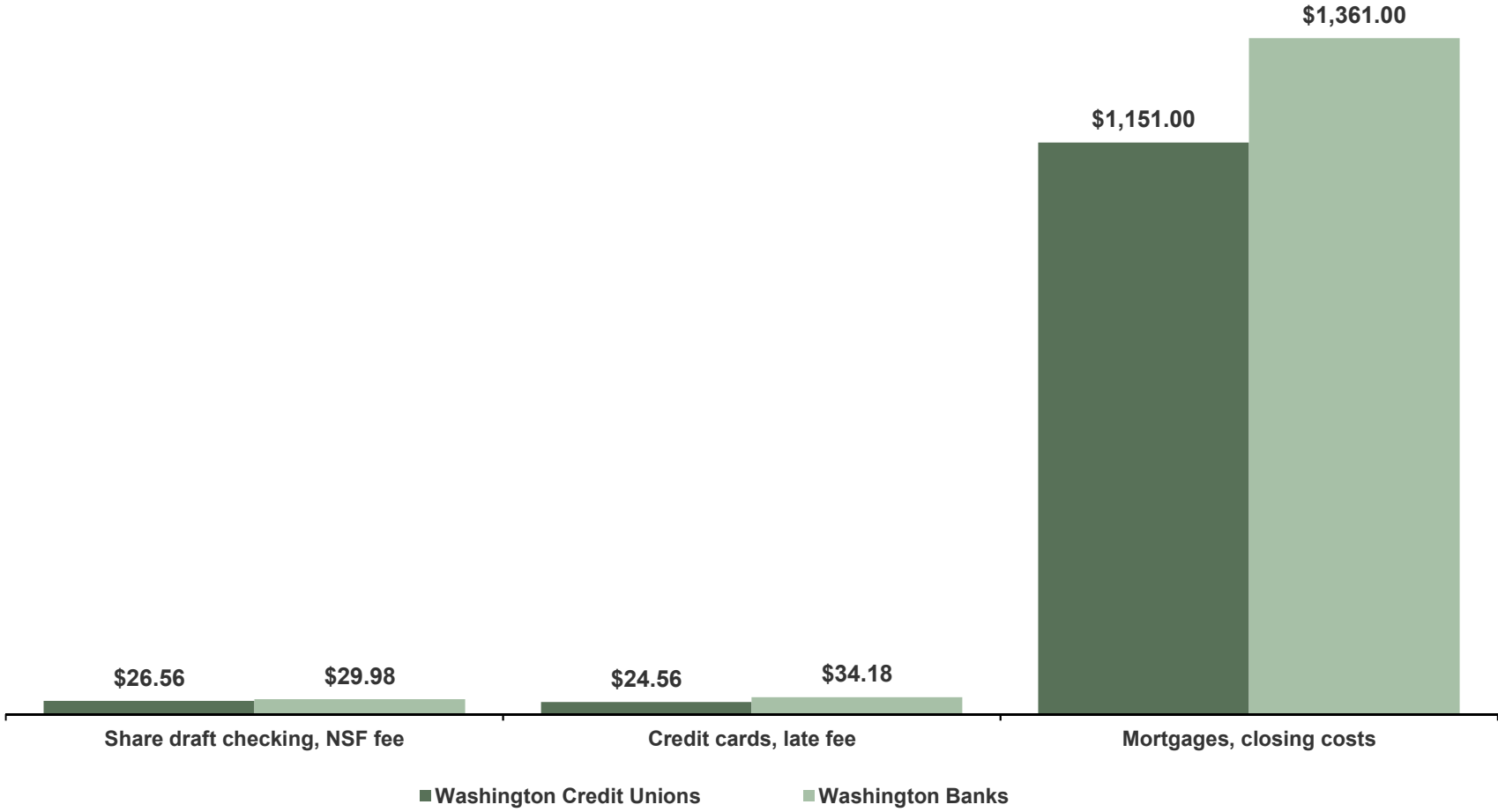
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



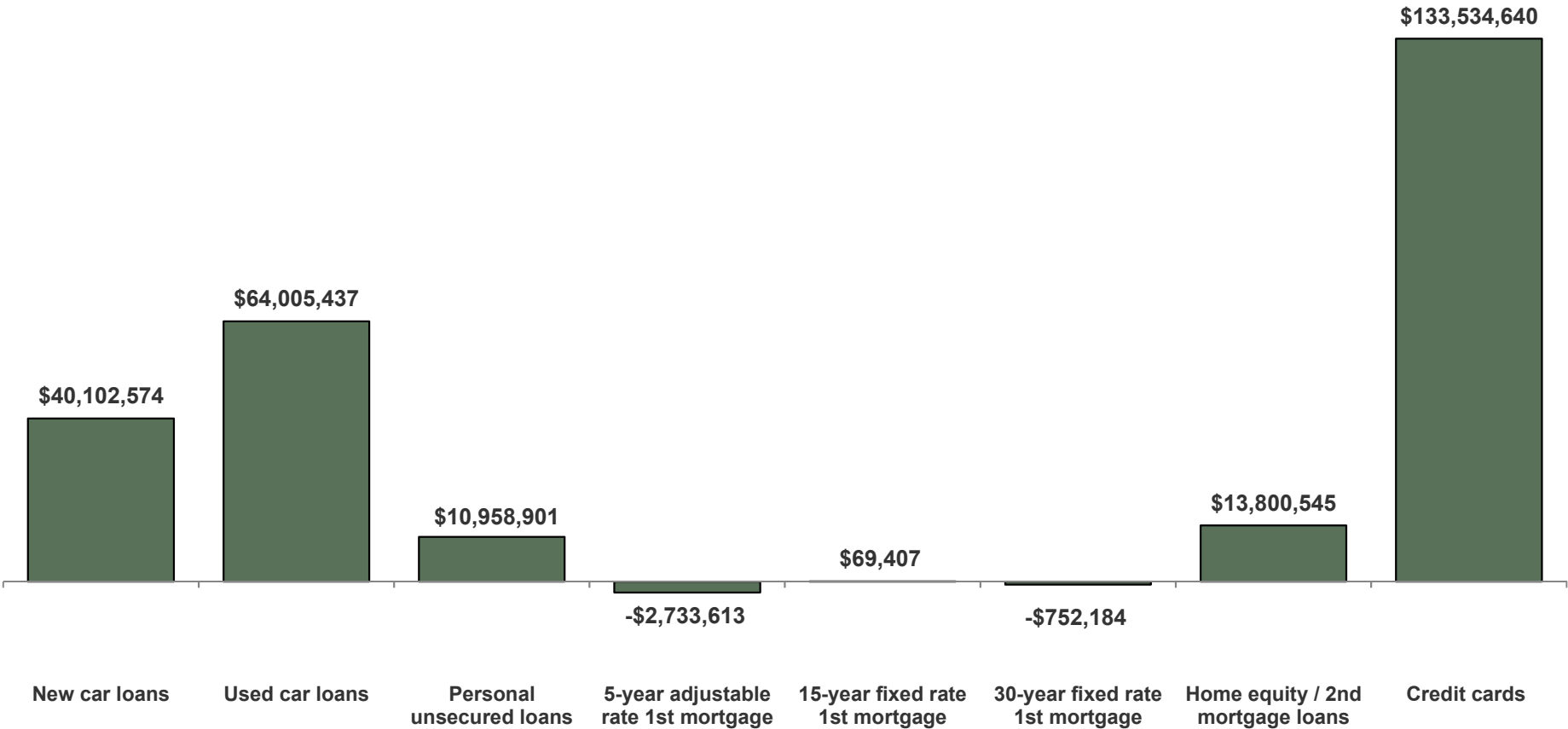
Washington Credit Union and Banking Institution September 2016 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.88	3.82	-0.95
48-month used car (A paper)	2.90	3.93	-1.03
Unsecured loan (A paper)	9.28	10.43	-1.15
5-year adjustable rate 1st mortgage, 0 pts	3.46	3.39	0.07
15-year fixed rate 1st mortgage, 0 pts	2.88	2.88	0.00
30-year fixed rate 1st mortgage, 0 pts	3.50	3.48	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.39	4.79	-0.40
Credit card - classic	11.58	17.72	-6.14
Credit card - gold	10.00	15.99	-5.99
Savings Products			
Regular savings, \$1,000 balance	0.18	0.11	0.07
Share draft checking, \$5,000 balance	0.46	0.10	0.35
Money market accounts	0.12	0.07	0.05
1 Year certificate \$10,000 balance	0.49	0.24	0.25
Retirement (IRA) accounts	0.31	0.16	0.15
Fee Income			
Share draft checking, NSF fee	\$26.56	\$29.98	-\$3.42
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

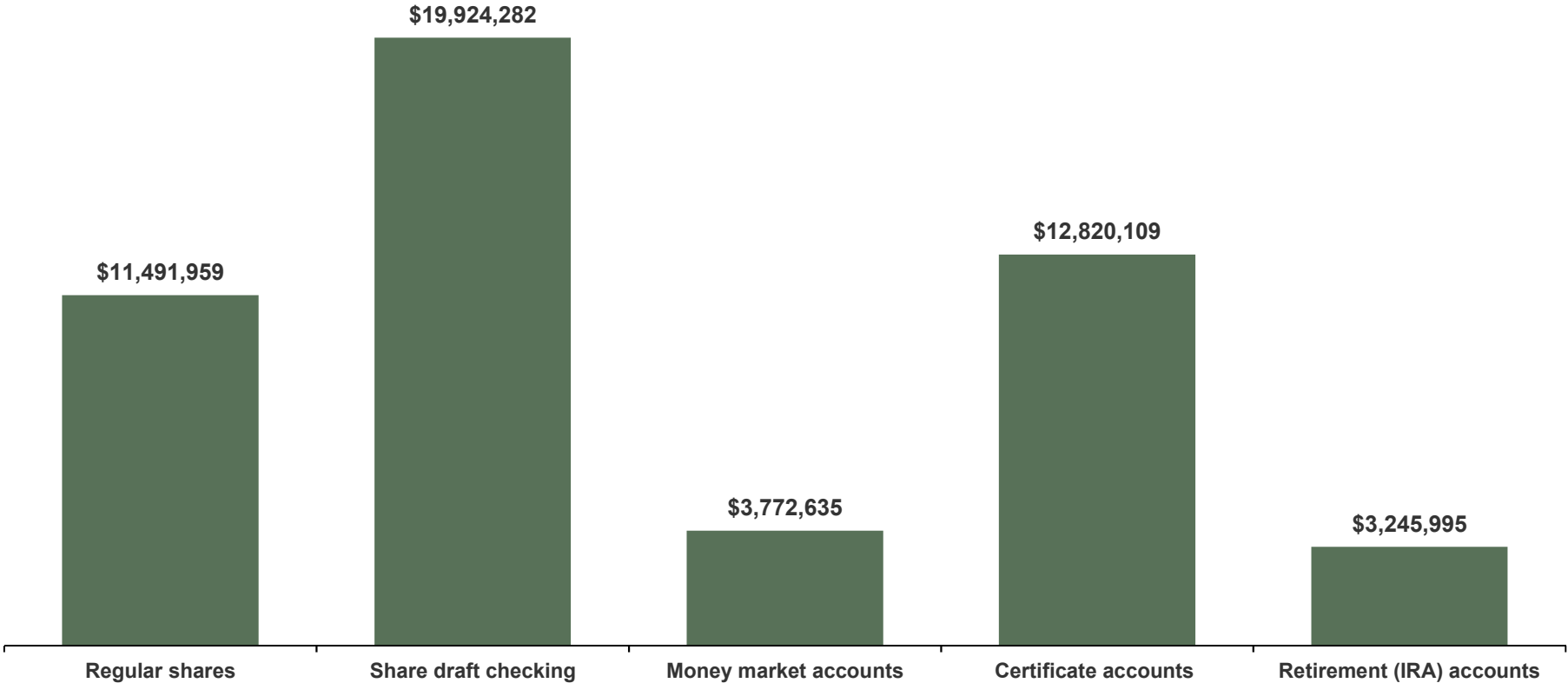
State Credit Union's Total Loan Rate Benefits

Compared to State Banking Institutions
by Loan Type



State Credit Union's Total Savings Dividend Benefits

Compared to State Banking Institutions
by Account Type



Estimated Financial Benefits for Washington Credit Unions September 2016

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Washington Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	4,234,696,262	-0.95	\$40,102,574
Used car loans	6,244,432,891	-1.03	\$64,005,437
Personal unsecured loans	951,293,477	-1.15	\$10,958,901
5-year adjustable rate 1st mortgage	3,744,675,974	0.07	-\$2,733,613
15-year fixed rate 1st mortgage	3,470,351,458	0.00	\$69,407
30-year fixed rate 1st mortgage	3,760,917,531	0.02	-\$752,184
Home equity / 2nd mortgage loans	3,432,971,342	-0.40	\$13,800,545
Credit cards	2,188,195,650	-6.14	\$133,534,640
Interest rebates			\$3,782
Total CU member benefits arising from lower interest rates on loan products:			\$258,989,488
Savings			
Regular shares	16,858,122,551	0.07	\$11,491,959
Share draft checking	5,618,687,090	0.35	\$19,924,282
Money market accounts	7,936,686,641	0.05	\$3,772,635
Certificate accounts	5,165,284,573	0.25	\$12,820,109
Retirement (IRA) accounts	2,195,229,684	0.15	\$3,245,995
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$51,254,980
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$46,270,167
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$356,514,634
Total CU member benefit / member:			\$104
Total CU member benefit / member household:			\$198

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of September 2015 and September 2016, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

Membership Benefits Report

CUNA Economics and Statistics

Washington Credit Union Performance Profile

Demographic Information	Sep 16	Sep 15
Number of branches	513	510
Total assets (\$ mil)	46,460	41,736
Total loans (\$ mil)	32,710	29,006
Total surplus funds (\$ mil)	11,645	10,816
Total savings (\$ mil)	40,101	36,054
Total members (thousands)	3,504	3,358
Growth Rates (Trailing 12 months) *		
Total assets	11.8 %	8.8 %
Total loans	13.1 %	11.9 %
Total surplus funds	8.6 %	1.9 %
Total savings	11.7 %	8.5 %
Total members	4.9 %	6.0 %
Earnings - Basis Pts. *		
Yield on total assets	339	339
Dividend / interest cost of assets	34	34
Fee & other income	138	140
Operating expense	309	308
Loss Provisions	33	28
Net Income (ROA) after stabilization exp	101	109
Capital Adequacy		
Net worth / assets	10.8	11.0
Asset Quality *		
Delinquencies / loans	0.4	0.4
Net chargeoffs / average loans	0.4	0.4
Total borrower-bankruptcies	42	54
Bankruptcies per 1000 members	1.1	1.6
Asset/Liability Management		
Loans / savings	81.6	80.5
Loans / assets	70.4	69.5
Long-term assets / assets	33.2	33.7
Core deposits/shares & borrowings	59.2	57.5
Productivity		
Members / potential members	2.8	2.7
Borrowers / members	62.8	60.4
Members / FTE	389	397
Average shares / members (\$)	11,444	10,737
Average loan balances (\$)	14,871	14,297
Salary & Benefits / FTE	77,282	73,512

* 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.