

Economic Outlook and Revenue Assessment Committee Outline
Kent Oram, CEO of Idaho Central
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- I Introduction and Preliminary Remarks
- II Industry Specific Questions
 - A Percent of gross state product from industry:
 - Idaho CUs generated \$263 million in 2012
 - Represents 0.45% of Gross State Product
 - B Forecast for growth:
 - Idaho CUs will contribute 0.5% to Gross State Product
 - Idaho CUs are healthy
 - ICCU at 20%+ growth in loans, deposits, assets, and membership
 - Slowing of mortgage refinance likely to slow lending for most CUs
 - C State of industry & comparison to 2012:
 - CU membership growth is 7.5%
 - Lending growth is 14.6%
 - Deposit growth is 8%
 - Delinquencies and charge-offs are lower
 - 2013 was a better year for Idaho CUs than 2012
 - Idaho CUs are performing better than national averages
 - ICCU was ranked the #1 financially performing CU in the nation in 2012
 - We may not be ranked #1 in 2013 but it has been a great year for ICCU
 - We expect 2014 to be similar to 2013 but income may drop from slowing mortgage refinances
 - D Number of employees in industry and comparison to 2012 and payroll comparison:
 - 1,691 employees in Idaho CUs as of 6/30/2013 (209 of them part-time)
 - 1,561 as of 6/30/2012 (161 of them part-time)
 - CU payrolls were \$98.15 million in 2013, up 11.6% from the \$87.97 million in 2012
 - Average salary is just over \$58 thousand per employee
 - ICCU employs 475 and our salaries are in line with national average
 - We will continue to add jobs, estimate around 10% for 2014
 - E Industry impact on other Idaho businesses:
 - Intermediary between buyers and sellers and depositors and borrowers
 - Enable consumers and businesses to buy from other businesses
 - Strong financial services sector is vital to economy

- Idaho CUs lent \$125 million to Idaho's small businesses (average loan amount of \$212 thousand)
- ICCU is the #1 auto lender in the state
- We originate around 17 thousand vehicle loans (\$375 million financed)
- Transactions generate sales tax revenue for the state
- Idaho credit unions have generated 7 thousand mortgage loans
- ICCU did just over 4 thousand mortgage loans
- Total dollar impact in mortgages is over \$1 billion
- Tremendous cash flow for builders, realtors, suppliers, and customers

F Companies moving into or out of Idaho:

- Outside of experience, but ICCU has Board seats on the Bannock Development Corporation and Boise Valley Economic Partnership
- We participate to encourage businesses to expand in our markets

G Will there be consolidation in the industry:

- CUs in Idaho and across the country have been consolidating and will continue to do so
- Idaho CUs declined from 59 in 2011 to 53 in 2012 and 48 in 2013
- Reasons are economies of scale and efficiencies that are gained
- Idaho economy benefits as CUs can offer more loan and deposit products and additional services
- While the number of CUs is shrinking, the number of CU members is increasing

III General Economy Questions

A How will the Idaho economy perform for the remainder of FY 2014 and FY 2015 and what will impact be on state tax revenues:

- Year ending 10/31/2013, labor force declined by 1,104
- Unemployment rate rose to 6.7% from 6.6% in 10/31/2012
- Idaho employment trends moving opposite direction of national trends
- Recent news is good, but we may hover around 6%
- Idaho home prices rose 9.6% for the year ending 9/30/2013 (7th consecutive quarter year-over-year growth)
- Home prices will continue to rise due to low home inventories
- This will spur construction sector jobs will spill over into other sectors

B How will the national economy perform for the remainder of FY 2014 and FY 2015 and how will this affect Idaho:

- US economy expected to grow 3% in 2014
- Increases in housing construction, home prices, auto sales, business investing, and robust energy sector
- Idaho economy will continue its recovery in 2014

C Idaho population growth over the next 18 months:

- Between 1.5 and 2%
- ICCU's growth is somewhat dependent on net in-migration

D How Idaho fares compared to other states:

- No data to share
- Appears Idaho has weathered recessionary storm better than most (many CUs in other parts of the country have fared less well than Idaho CUs and ICCU in particular)
- Strong fiscal policy by legislators in tremendous help to economy
- More difficult to recruit talented and educated workforce (especially in narrower job skills)

IV Wrap Up/Q&A

Idaho
Performance Profile

Demographic Information	Jun 13	Jun 12
Number of branches	176	178
Total assets (\$ mil)	5,236	4,797
Total loans (\$ mil)	3,686	3,267
Total surplus funds (\$ mil)	1,258	1,287
Total savings (\$ mil)	4,627	4,259
Total members (thousands)	619	574
Growth Rates (Trailing 12 months) *		
Total assets	9.2 %	8.7 %
Total loans	12.8 %	8.3 %
Total surplus funds	-2.2 %	10.1 %
Total savings	8.6 %	8.0 %
Total members	7.9 %	4.8 %
Earnings - Basis Pts. *		
Yield on total assets	337	373
Dividend/interest cost of assets	52	68
Fee & other income	195	177
Operating expense	355	353
Loss Provisions	13	30
Net Income (ROA) after stabilization exp	113	99
Capital adequacy		
Net worth / assets	10.1	9.8
Asset quality *		
Delinquencies / loans	0.5	0.7
Net chargeoffs / average loans	0.3	0.5
Total borrower-bankruptcies	12	12
Bankruptcies per 1000 members	0.9	1.1
Asset/Liability Management		
Loans / savings	79.7	76.7
Loans / assets	70.4	68.1
Long-term assets / assets	30.8	30.1
Core deposits/shares & borrowings	44.9	42.8
Productivity		
Members/potential members	6.9	6.6
Borrowers/members	51.2	51.1
Members/FTE	345	349
Average shares/members (\$)	7,476	7,426
Average loan balances (\$)	11,622	11,141
Salary & Benefits/FTE	54,913	54,209

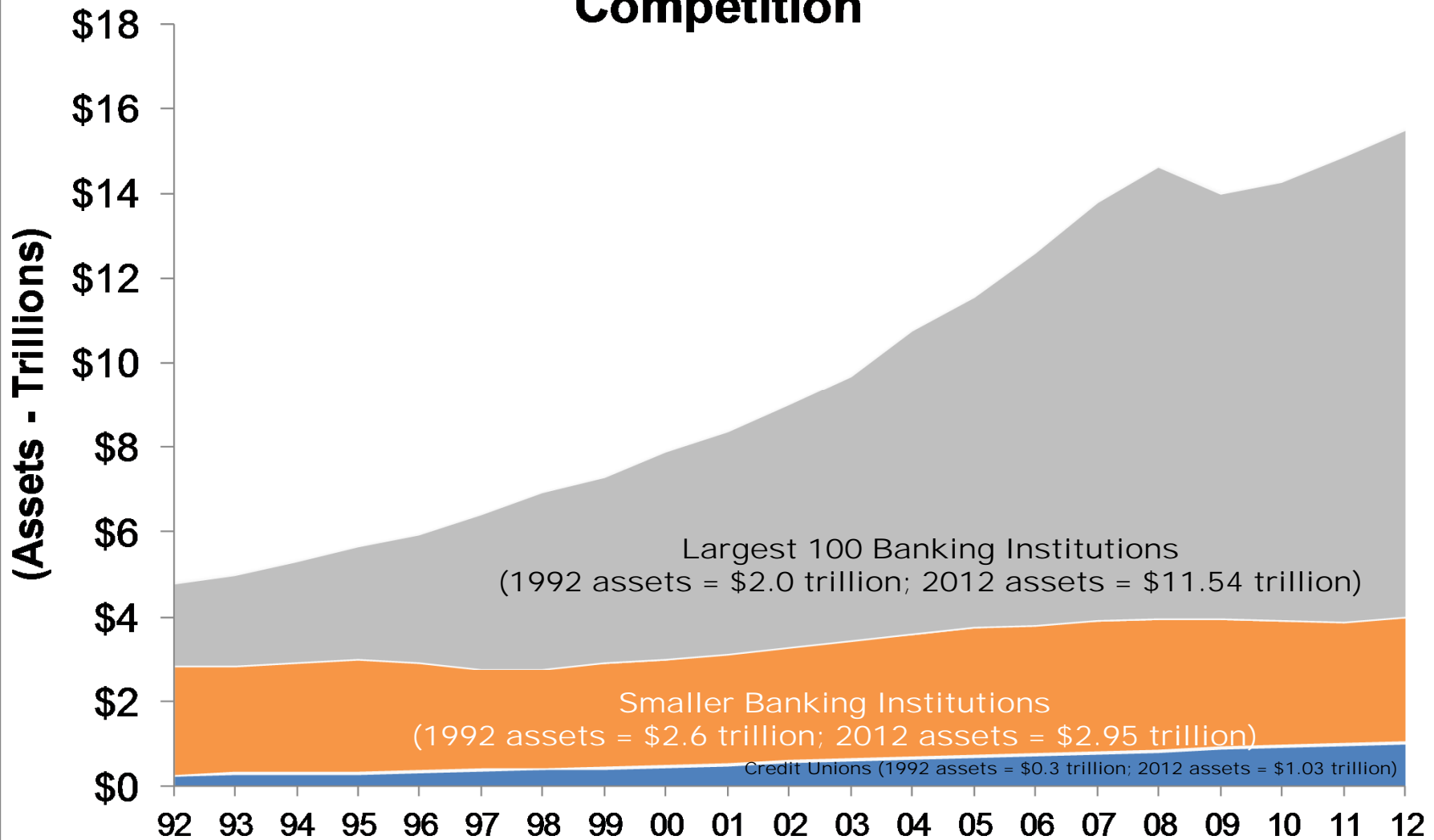
* Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.

Idaho Totals Statistics

Year	# of CUs	# of Members	Savings (\$)	Loans (\$)	Reserves (\$)*	Assets (\$)
1939		2,866	113,027		3,719	125,271
1940	38	3,824	174,183	173,198		200,759
1941	41	4,630	335,916	216,481		258,024
1942	46	4,324		133,085		
1943	44	4,199		98,672		
1944	33	3,895	292,498	87,049	17,595	312,947
1945	31	3,926	362,180	102,729	12,587	382,466
1946	33	4,395	454,030	194,480	12,875	477,112
1947	31	4,989	532,842	348,070	15,987	567,190
1948	33	5,620	656,141	520,578	44,415	721,593
1949	35	6,221	782,933	716,149	25,702	884,868
1950	36	7,087	924,940	849,803	33,224	1,045,199
1951	36	7,929	1,200,656	1,059,894	43,342	1,312,365
1952	39	9,181	1,579,651	1,404,207	50,011	1,720,536
1953	60	12,162	2,210,404	2,128,382	75,770	2,460,839
1954	75	14,797	2,967,969	2,812,782	105,490	3,305,619
1955	87	18,192	4,235,691	4,047,066	140,321	4,680,457
1956	104	22,618	5,700,365	5,335,423	192,576	6,305,774
1957	104	25,857	7,071,360	6,803,404	238,832	7,932,317
1958	120	31,396	9,308,578	8,352,330	335,799	10,310,024
1959	132	34,438	10,881,494	10,670,113	457,460	12,395,251
1960	133	39,094	12,823,323	12,955,070	532,519	14,673,901
1961	147	42,654	15,320,588	15,004,100	704,032	17,601,245
1962	152	47,296	17,997,539	17,635,549	896,460	20,521,459
1963	166	51,414	20,797,446	20,103,961	1,145,612	23,924,521
1964	171	59,723	23,843,457	23,530,192	1,310,222	28,222,355
1965	179	60,956	27,744,831	27,148,886	1,605,272	32,927,638
1966	179	66,685	30,913,869	31,014,750	1,925,978	37,210,285
1967	183	74,482	34,161,194	34,215,866	2,214,974	41,917,316
1968	181	77,093	37,941,838	40,080,340	2,590,252	47,936,727
1969	185	75,847	43,921,025	44,085,906	3,094,982	52,338,300
1970	174	89,181	49,801,424	49,784,840	3,464,036	58,685,843
1971	172	98,344	60,476,440	59,710,578	4,015,286	71,628,978
1972	165	108,402	74,788,189	73,584,728	4,688,337	88,754,205
1973	164	121,619	89,483,671	87,144,523	5,458,671	107,047,826
1974	163	132,980	105,168,713	101,174,690	6,370,864	124,701,402
1975	163	151,321	131,868,002	130,247,891	7,588,350	154,327,792
1976	162	168,471	168,401,921	165,557,636	8,735,933	198,703,814
1977	157	192,901	208,140,959	204,811,922	9,832,707	238,463,074
1978	157	224,709	242,443,846	237,118,405	10,583,329	273,184,322
1979	153	222,746	248,649,834	233,942,098	10,742,872	280,040,210
1980	146	233,482	249,505,754	215,999,133	10,996,607	278,566,933
1981	145	244,229	245,586,405	217,428,512	11,641,050	278,462,860
1982	141	240,331	305,956,749	218,414,162	13,082,425	337,414,434
1983	136	239,416	315,072,792	251,888,450	13,081,930	346,318,284
1984	126	257,933	349,336,483	293,476,566	14,272,856	381,375,204
1985	121	255,857	406,693,660	319,085,096	15,525,238	442,006,466
1986	109	259,311	489,374,100	362,797,923	16,940,646	530,394,880
1987	107	269,929	551,458,587	424,799,708	17,507,435	598,795,934
1988	106	281,773	608,358,485	476,235,953	22,405,091	658,438,737
1989	103	291,402	638,871,641	509,587,036	18,436,213	681,878,589
1990	97	290,146	659,801,646	505,581,238	32,707,010	713,939,043
1991	93	301,448	716,634,944	510,900,072	46,331,104	778,898,171
1992	88	313,854	797,653,234	544,201,954	62,800,824	870,626,135
1993	87	327,366	848,422,703	611,591,793	75,785,623	933,156,058
1994	86	346,412	900,383,229	710,293,128	92,590,028	1,009,417,504
1995	86	357,416	963,419,807	779,473,173	105,470,810	1,078,113,085
1996	84	374,009	1,042,504,528	872,305,479	119,224,621	1,173,523,093
1997	82	389,210	1,137,204,641	950,045,714	133,249,470	1,283,970,331
1998	81	405,640	1,298,374,792	1,014,369,772	145,961,059	1,458,923,593
1999	77	419,868	1,378,907,937	1,166,043,860	159,056,909	1,575,683,734
2000	73	431,791	1,486,471,643	1,271,909,452	174,515,739	1,680,868,808
2001	73	443,174	1,777,964,724	1,345,553,463	190,488,142	1,988,602,774
2002	71	447,449	1,943,130,937	1,444,805,777	213,590,923	2,175,427,924
2003	69	454,976	2,119,015,787	1,590,672,268	239,806,794	2,391,563,162
2004	68	461,846	2,313,158,368	1,794,607,122	265,440,103	2,626,463,286
2005	63	469,579	2,490,061,147	2,024,218,129	293,375,923	2,849,883,380
2006	61	484,505	2,742,598,018	2,218,644,271	325,982,264	3,107,435,012
2007	61	500,644	2,979,860,292	2,446,210,500	355,175,846	3,380,323,036
2008	61	513,723	3,290,838,403	2,698,077,162	375,662,454	3,721,315,605
2009	59	531,531	3,690,798,345	2,869,700,505	370,987,492	4,212,331,309
2010	59	538,019	3,843,545,821	2,924,267,623	397,704,113	4,280,447,459
2011	58	558,854	4,060,693,736	3,111,709,959	438,661,150	4,545,556,431
2012	51	596,936	4,420,331,279	3,431,126,614	489,897,510	4,984,283,283

* Beginning 1990, Reserves includes undivided earnings.

Small Banks Have More to Fear From Fast-Growing Mega-Banks Than From Credit Union Competition



Sources: FDIC, NCUA, CUNA E&S. "Banking Institutions" include commercial banks and savings & loans. "Smaller Banking Institutions" are defined as all banking institutions smaller than the Largest 100.

Credit Unions are Careful Lenders

Total Net Charge-offs as a Percent of Average Loans Outstanding

