The Benefits of Membership

Customized Analysis of Member Benefits For:

West Virginia

June 2013

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West Virginia

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 West Virginia credit unions provided $17,726,248 in direct financial benefits to the state's 385,691 members during the twelve months ending June 2013.

These benefits are equivalent to $46 per member or $87 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 West Virginia 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 West Virginia credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a West Virginia credit union will save members an average $179 per year in interest expense compared to what they would pay at a banking institution in the state.

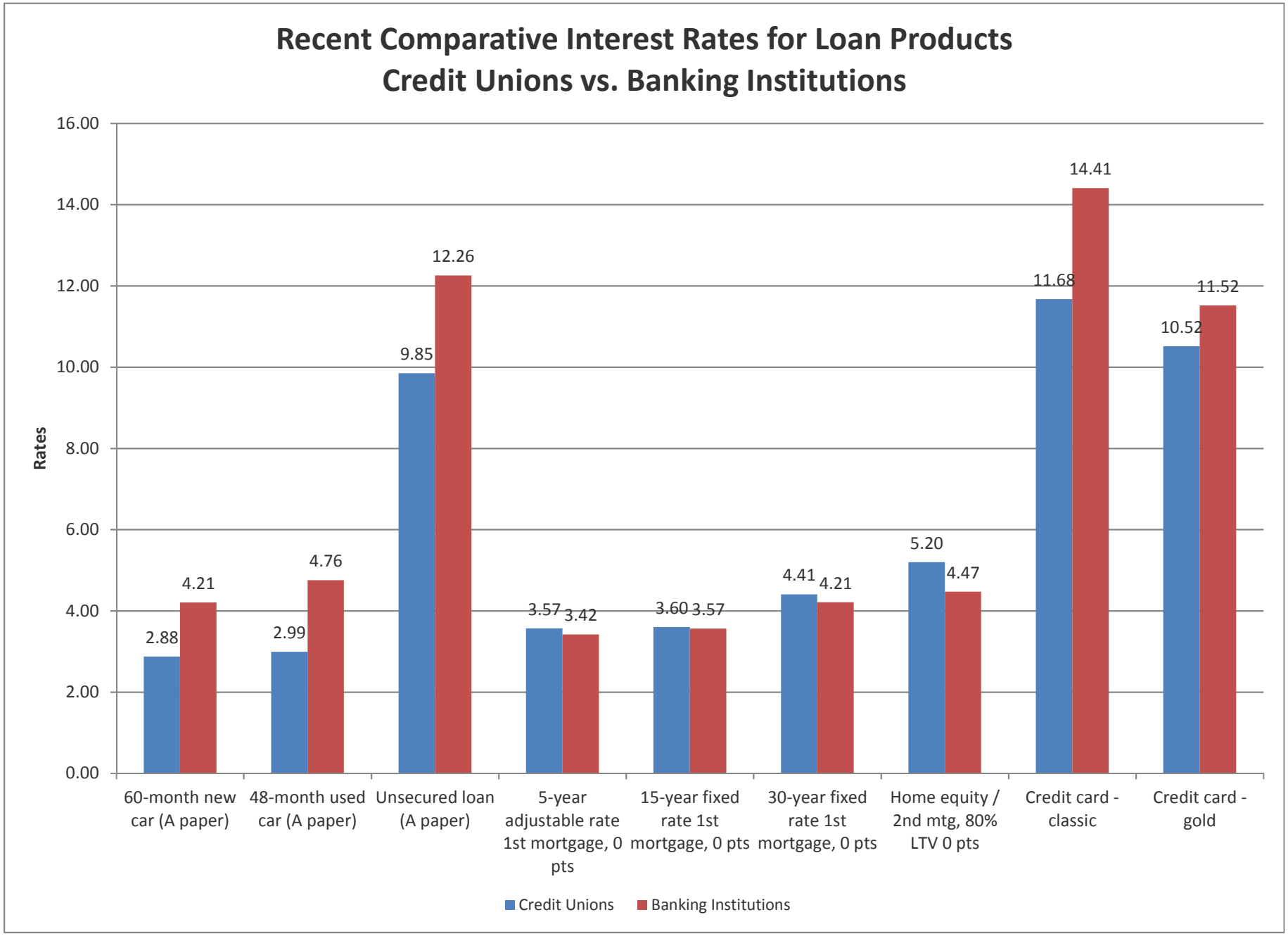
Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

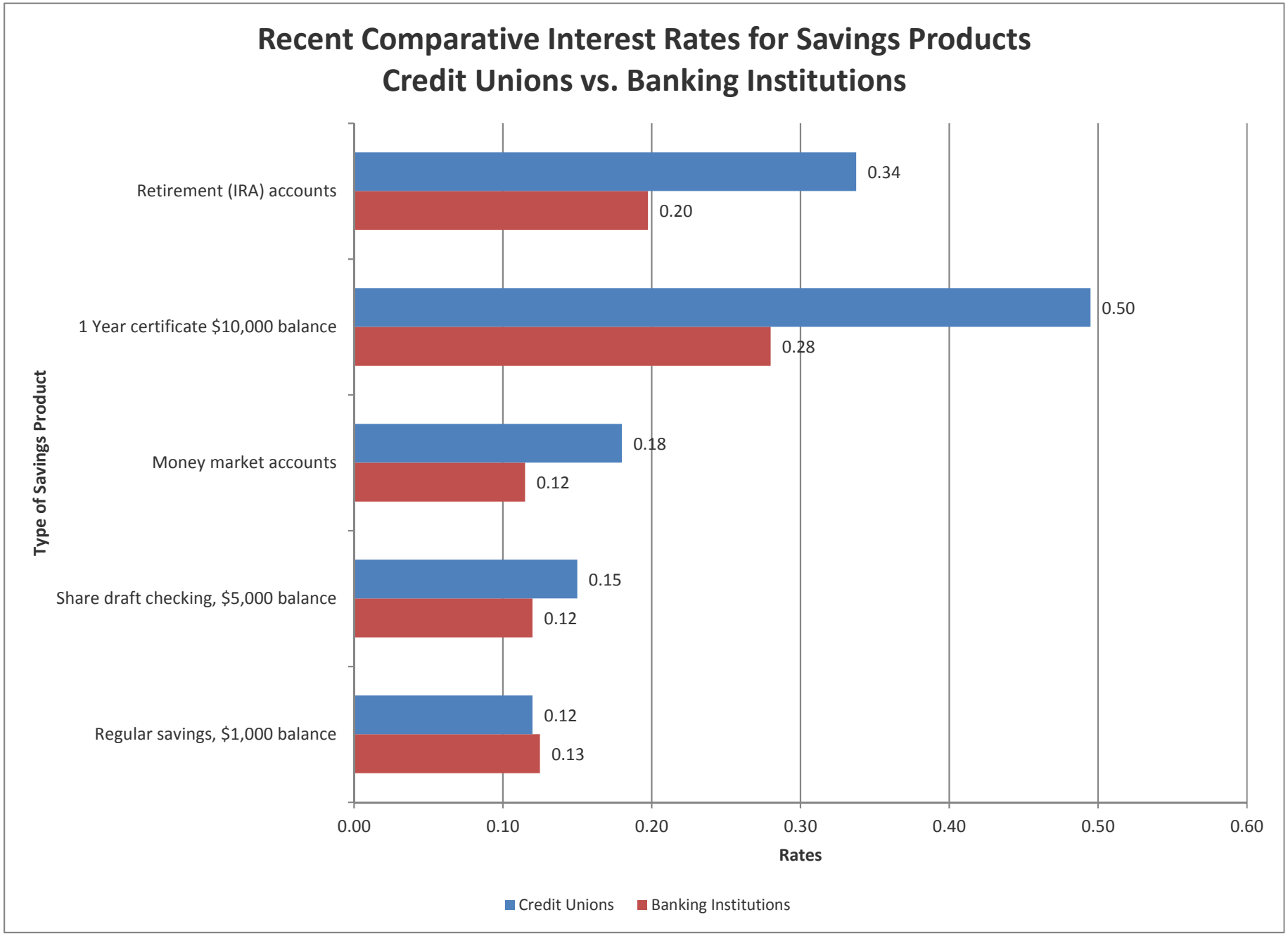
West Virginia credit unions excel in providing member benefits on many loan and saving products. In particular, West Virginia credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, credit cards loans.

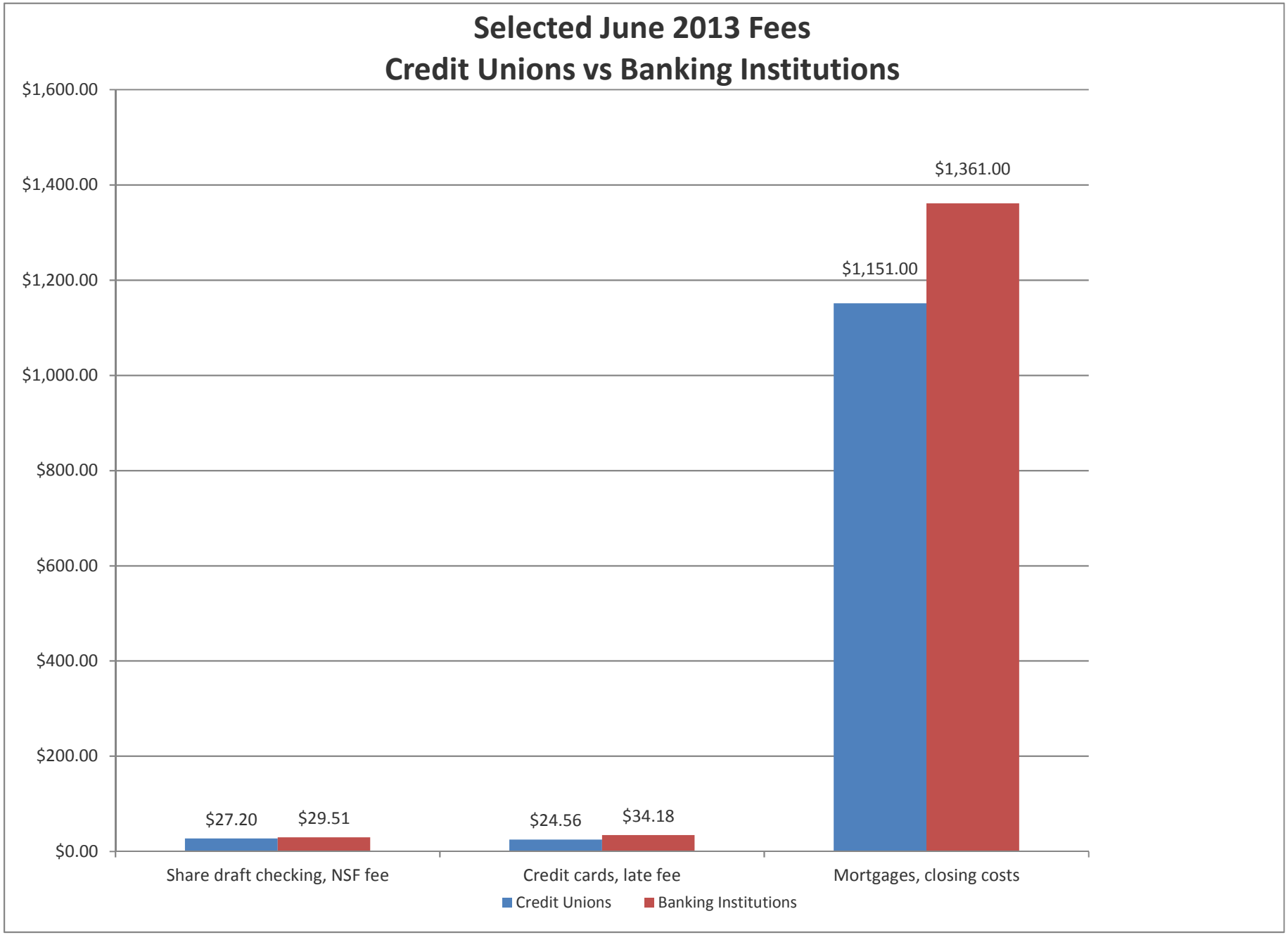
West Virginia credit unions also pay members higher average dividends on the following accounts: share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS

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
Rates
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
2.88
4.21
2.99
4.76
9.85
12.26
3.57
3.42
3.60
3.57
4.41
4.21
5.20
4.47
11.68
14.41
10.52
11.52
60-month new car (A paper)
48-month used car (A paper)
Unsecured loan (A paper)
5-year adjustable rate 1st mortgage, 0 pts
15-year fixed rate 1st mortgage, 0 pts
30-year fixed rate 1st mortgage, 0 pts
Home equity / 2nd mtg, 80% LTV 0 pts
Credit card - classic
Credit card - gold
Credit Unions
Banking Institutions

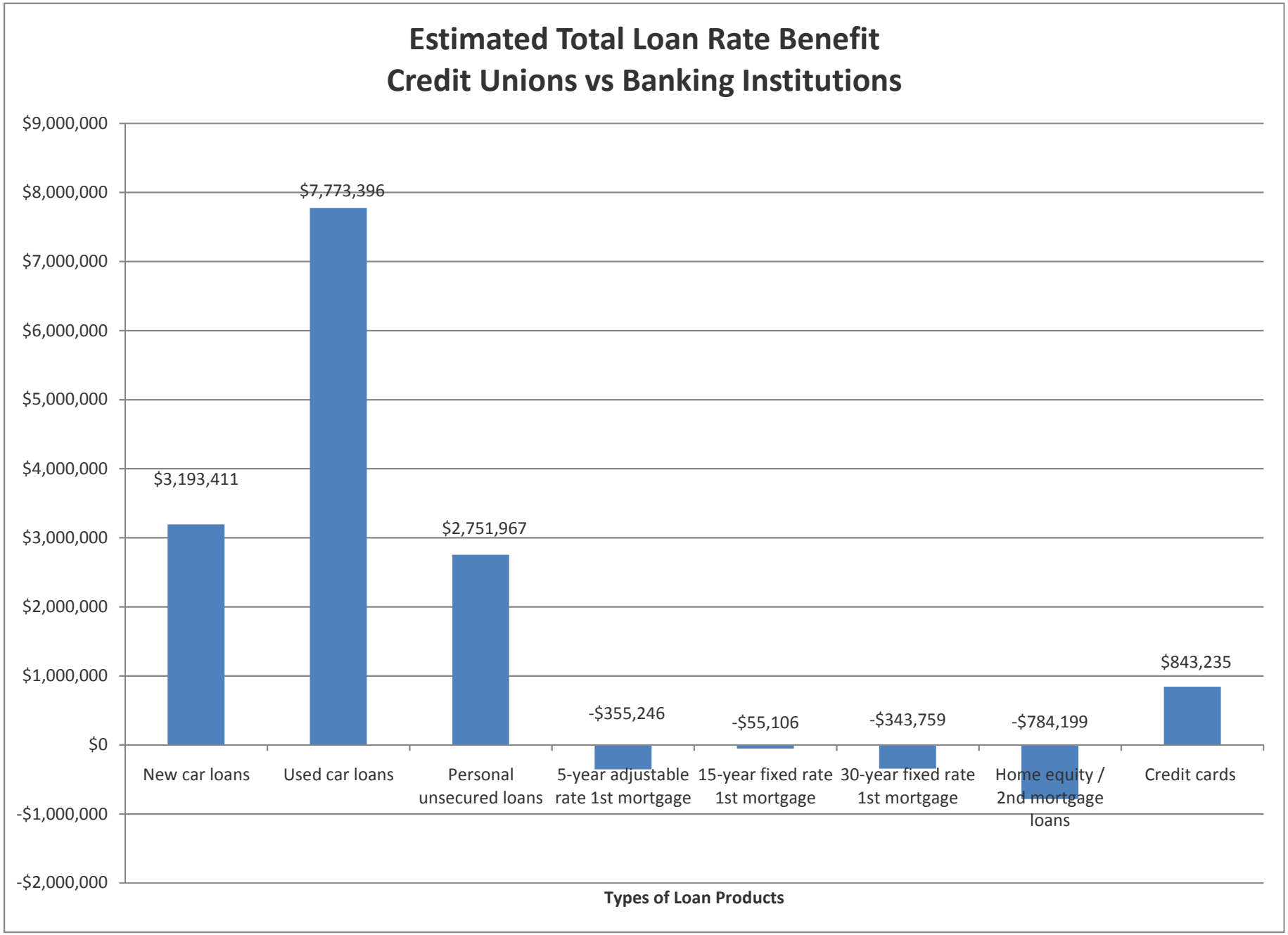

Recent Comparative Interest Rates for Savings Products
Credit Unions vs. Banking Institutions
Type of Savings Product
Retirement (IRA) accounts
1 Year certificate $10,000 balance
Money market accounts
Share draft checking, $5,000 balance
Regular savings, $1,000 balance
0.34
0.20
0.50
0.28
0.18
0.12
0.15
0.12
0.12
0.13
0.00
0.10
0.20
0.30
0.40
0.50
0.60
Rates
Credit Unions
Banking Institutions

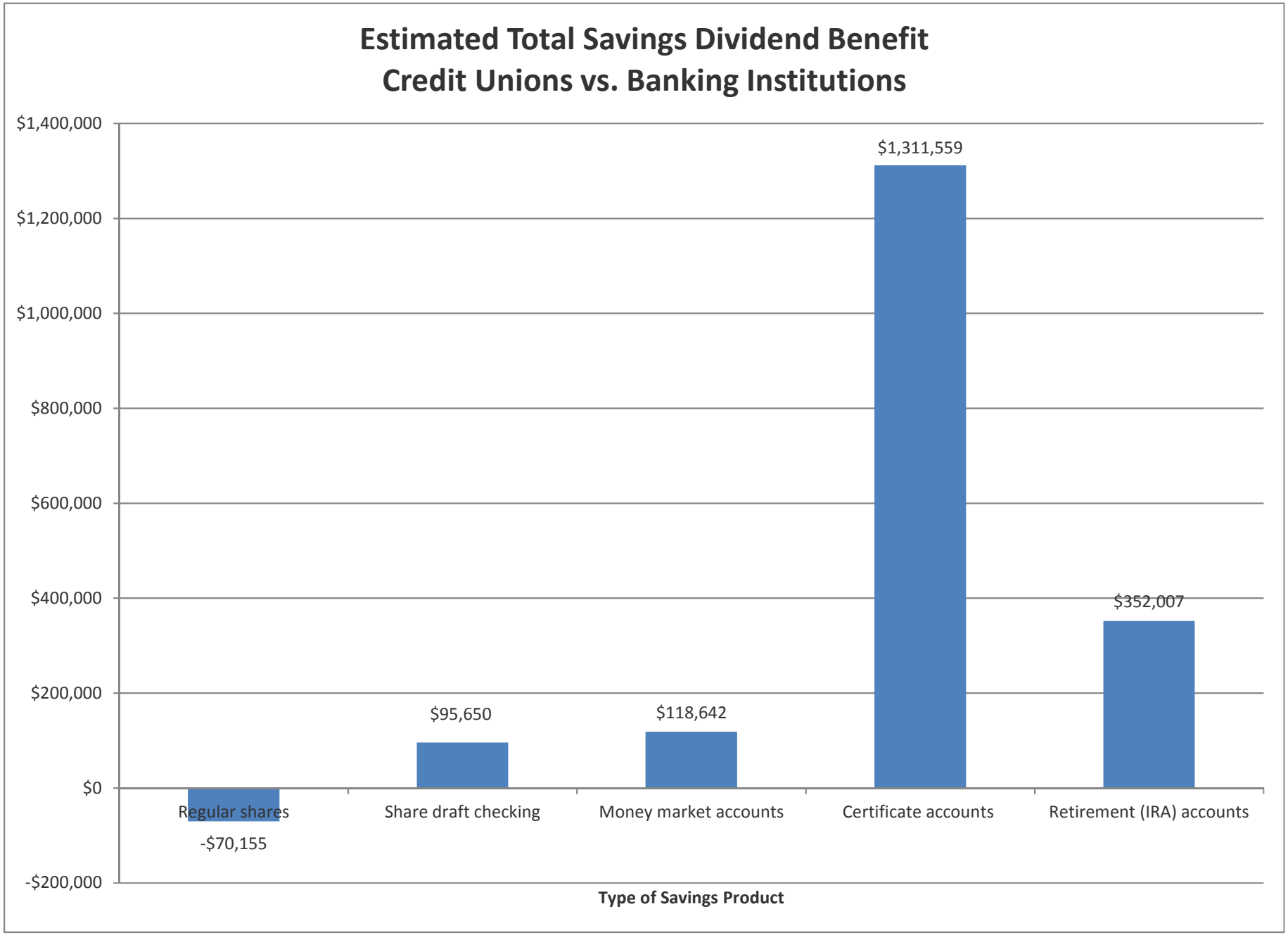

Selected June 2013 Fees
Credit Unions vs Banking Institutions
$1,600.00
$1,400.00
$1,200.00
$1,000.00
$800.00
$600.00
$400.00
$200.00
$0.00
$27.20
$29.51
$24.56
$34.18
$1,151.00
$1,361.00
Share draft checking, NSF fee
Credit cards, late fee
Mortgages, closing costs
Credit Unions
Banking Institutions

West Virginia
Credit Union and Banking Instituion
Mid-Year 2013 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	4.21	-1.33
48-month used car (A paper)	2.99	4.76	-1.77
Unsecured loan (A paper)	9.85	12.26	-2.41
5-year adjustable rate 1st mortgage, 0 pts	3.57	3.42	0.15
15-year fixed rate 1st mortgage, 0 pts	3.60	3.57	0.04
30-year fixed rate 1st mortgage, 0 pts	4.41	4.21	0.20
Home equity / 2nd mtg, 80% LTV 0 pts	5.20	4.47	0.73
Credit card - classic	11.68	14.41	-2.74
Credit card - gold	10.52	11.52	-1.01
Savings Products			
Regular savings, $1,000 balance	0.12	0.13	0.00
Share draft checking, $5,000 balance	0.15	0.12	0.03
Money market accounts	0.18	0.12	0.07
1 Year certificate $10,000 balance	0.50	0.28	0.22
Retirement (IRA) accounts	0.34	0.20	0.14
Fee Income			
Share draft checking, NSF fee	$27.20	$29.51	-$2.31
Credit cards, late fee	$24.56	$34.18	-$9.62
Mortgages, closing costs	$1,151.00	$1,361.00	-$210.00

Source: Datatrac


Estimated Total Loan Rate Benefit
Credit Unions vs Banking Institutions
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
-$1,000,000
-$2,000,000
$3,193,411
$7,773,396
$2,751,967
-$355,246
-$55,106
-$343,759
-$784,199
$843,235
New car loans
Used car loans
Personal unsecured loans
5-year adjustable rate 1st mortgage
15-year fixed rate 1st mortgage
30-year fixed rate 1st mortgage
Home equity / 2nd mortgage loans
Credit cards
Types of Loan Products


Estimated Total Savings Dividend Benefit
Credit Unions vs. Banking Institutions
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
-$200,000
$1,311,559
$352,007
$95,650
$118,642
-$70,155
Regular shares
Share draft checking
Money market accounts
Certificate accounts
Retirement (IRA) accounts
Type of Savings Product

Estimated West Virginia Credit Unions Financial Benefits

Mid-Year 2013

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. West Virginia Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	240,106,063	-1.33	$3,193,411
Used car loans	440,419,034	-1.77	$7,773,396
Personal unsecured loans	114,426,910	-2.41	$2,751,967
5-year adjustable rate 1st mortgage	236,830,363	0.15	-$355,246
15-year fixed rate 1st mortgage	157,446,763	0.04	-$55,106
30-year fixed rate 1st mortgage	176,286,756	0.20	-$343,759
Home equity / 2nd mortgage loans	107,424,509	0.73	-$784,199
Credit cards	36,622,590	-2.74	$843,235
Interest rebates in period			$47,069
Total CU member benefits arising from lower interest rates on loan products:			$13,070,768
Savings			
Regular shares	1,403,104,676	0.00	-$70,155
Share draft checking	318,833,850	0.03	$95,650
Money market accounts	182,526,641	0.07	$118,642
Certificate accounts	610,027,665	0.22	$1,311,559
Retirement (IRA) accounts	251,433,311	0.14	$352,007
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$1,807,703
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$2,847,776
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$17,726,248
Total CU member benefit / member:			$46
Total CU member benefit / member household:			$87

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2012 and September 2011, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

West Virginia
Performance Profile

Demographic Information	Jun 13	Jun 12
Number of branches	162	162
Total assets ($ mil)	3,245	3,129
Total loans ($ mil)	1,717	1,612
Total surplus funds ($ mil)	1,398	1,397
Total savings ($ mil)	2,849	2,749
Total members (thousands)	387	388
Growth Rates (Trailing 12 months) *		
Total assets	3.7 %	7.3 %
Total loans	6.6 %	5.0 %
Total surplus funds	0.2 %	10.1 %
Total savings	3.7 %	8.2 %
Total members	-0.4 %	0.0 %
Earnings - Basis Pts. *		
Yield on total assets	329	362
Dividend/interest cost of assets	52	68
Fee & other income	98	94
Operating expense	325	329
Loss Provisions	15	14
Net Income (ROA) after stabilization exp	35	45
Capital adequancy		
Net worth / assets	11.5	11.5
Asset quality *		
Delinquencies / loans	1.2	0.9
Net chargeoffs / average loans	0.1	0.3
Total borrower-bankruptcies	2	2
Bankruptcies per 1000 members	0.5	0.6
Asset/Liability Management		
Loans / savings	60.3	58.6
Loans / assets	52.9	51.5
Long-term assets / assets	24.5	22.8
Core deposits/shares & borrowings	62.4	61.0
Productivity		
Members/potentional members	9.8	10.1
Borrowers/members	39.7	38.8
Members/FTE	371	389
Average shares/members ($)	7,367	7,077
Average loan balances ($)	11,171	10,681
Salary & Benefits/FTE	50,048	50,270

*** 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.**