

The Benefits of Membership

Customized Analysis of Member Benefits For:

Maryland

December 2011

Prepared by:

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Economics and Statistics Department***



Maryland

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 Maryland credit unions provided \$154,936,153 in direct financial benefits to the state's 1,758,067 members during the twelve months ending December 2011.

These benefits are equivalent to \$88 per member or \$167 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 Maryland 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 Maryland credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Maryland credit union will save members an average \$197 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.

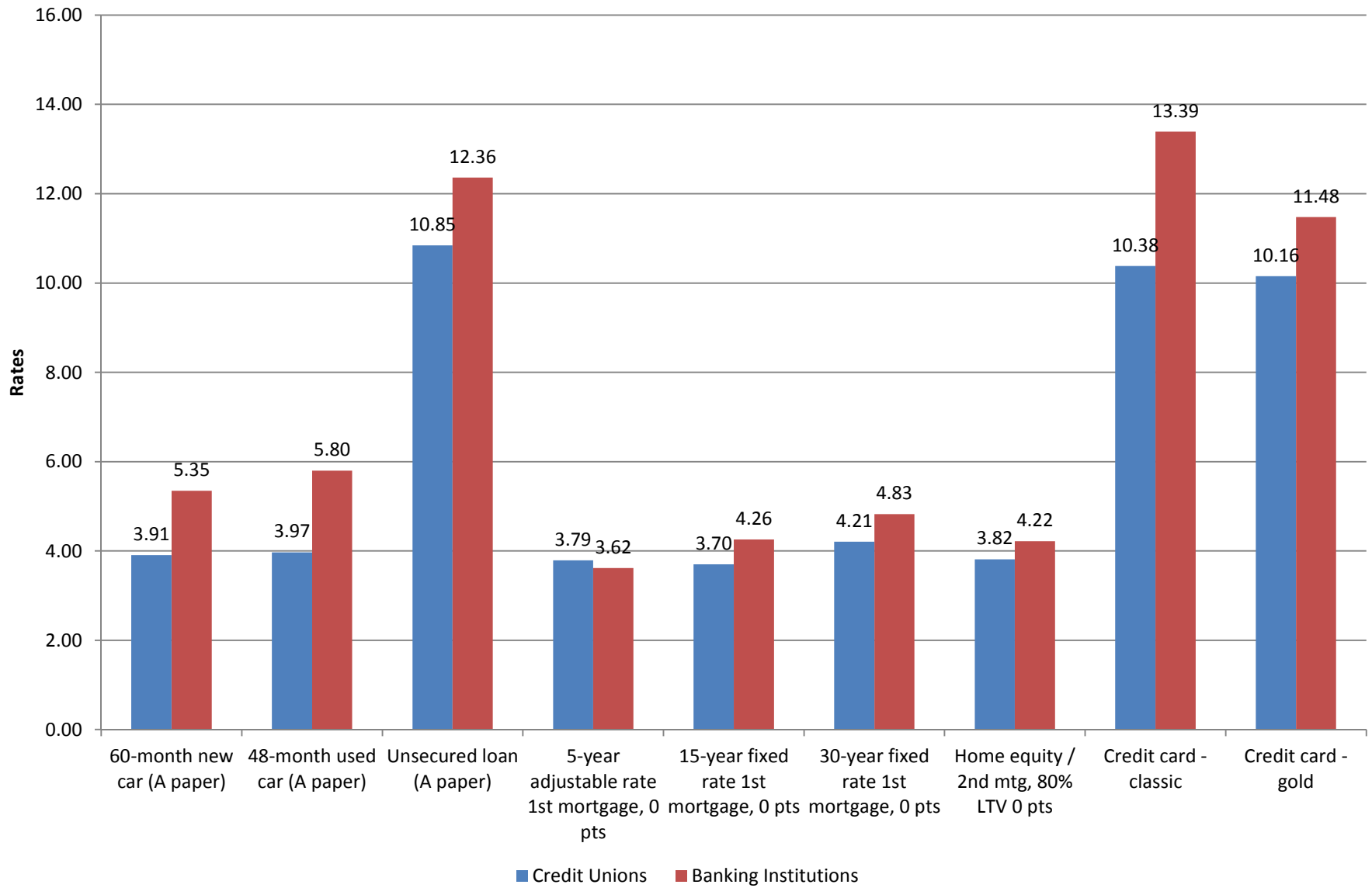
Maryland credit unions excel in providing member benefits on many loan and saving products. In particular, Maryland credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, home equity loans, credit cards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

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

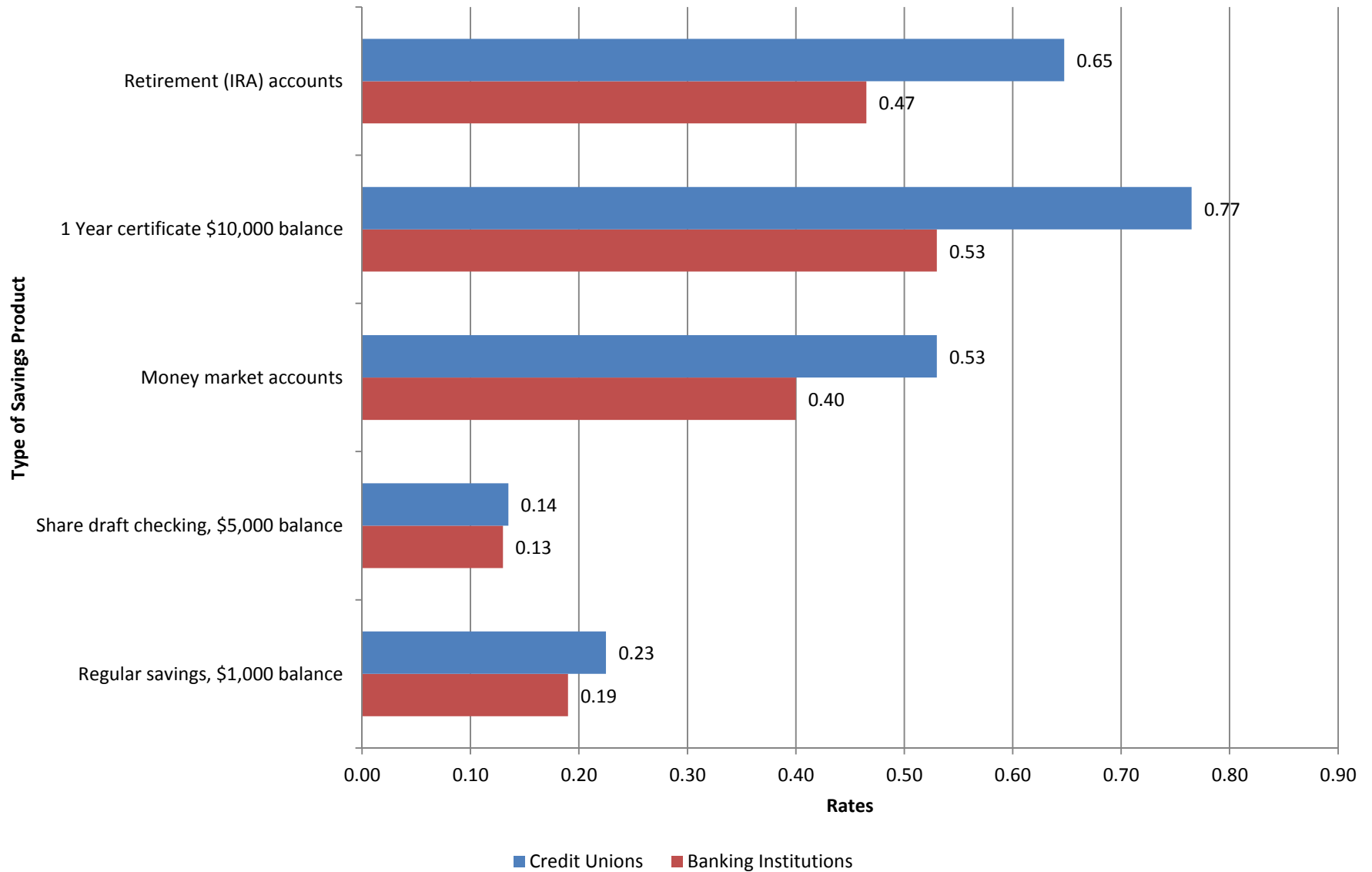


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

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

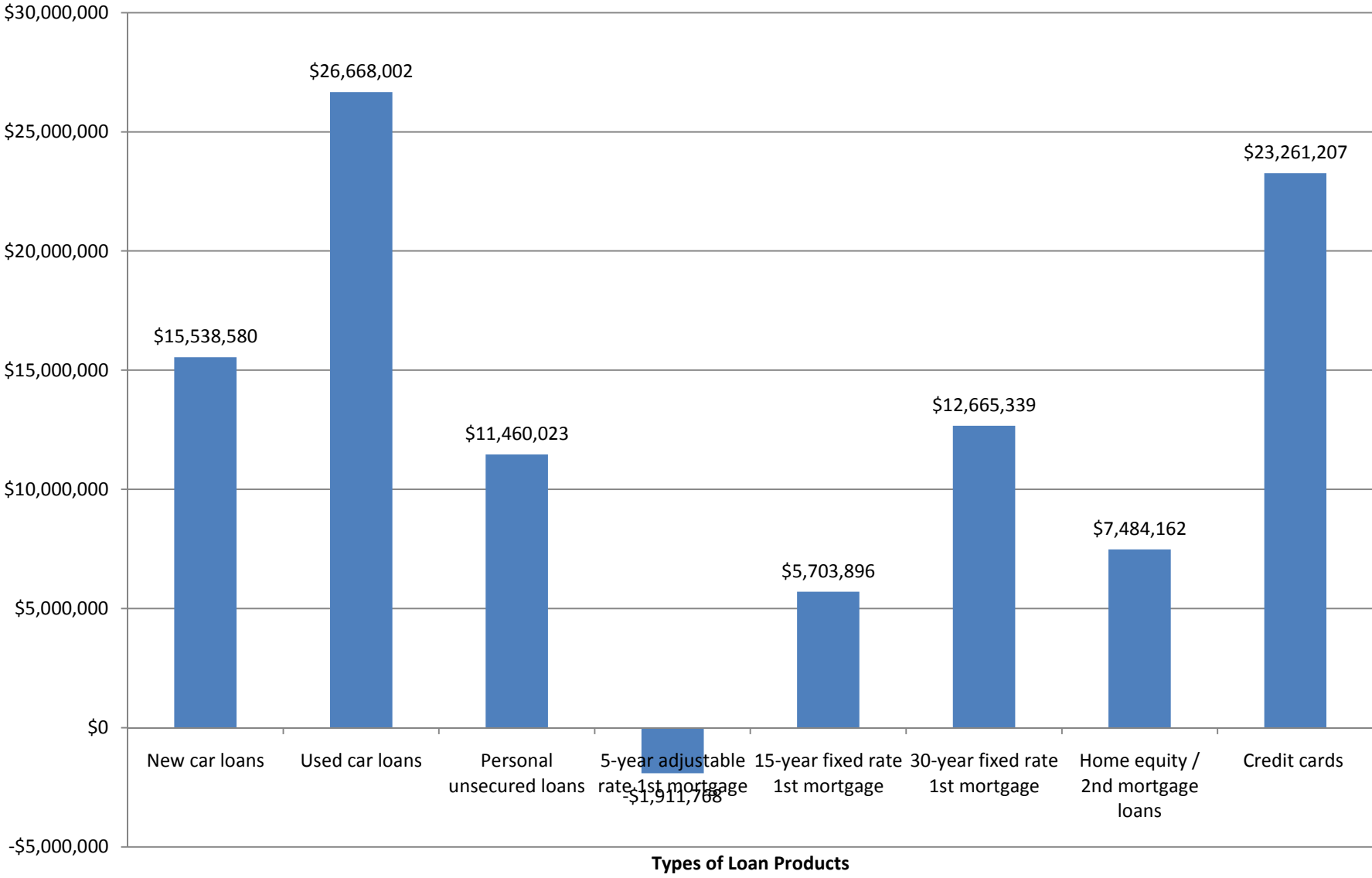


Maryland
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

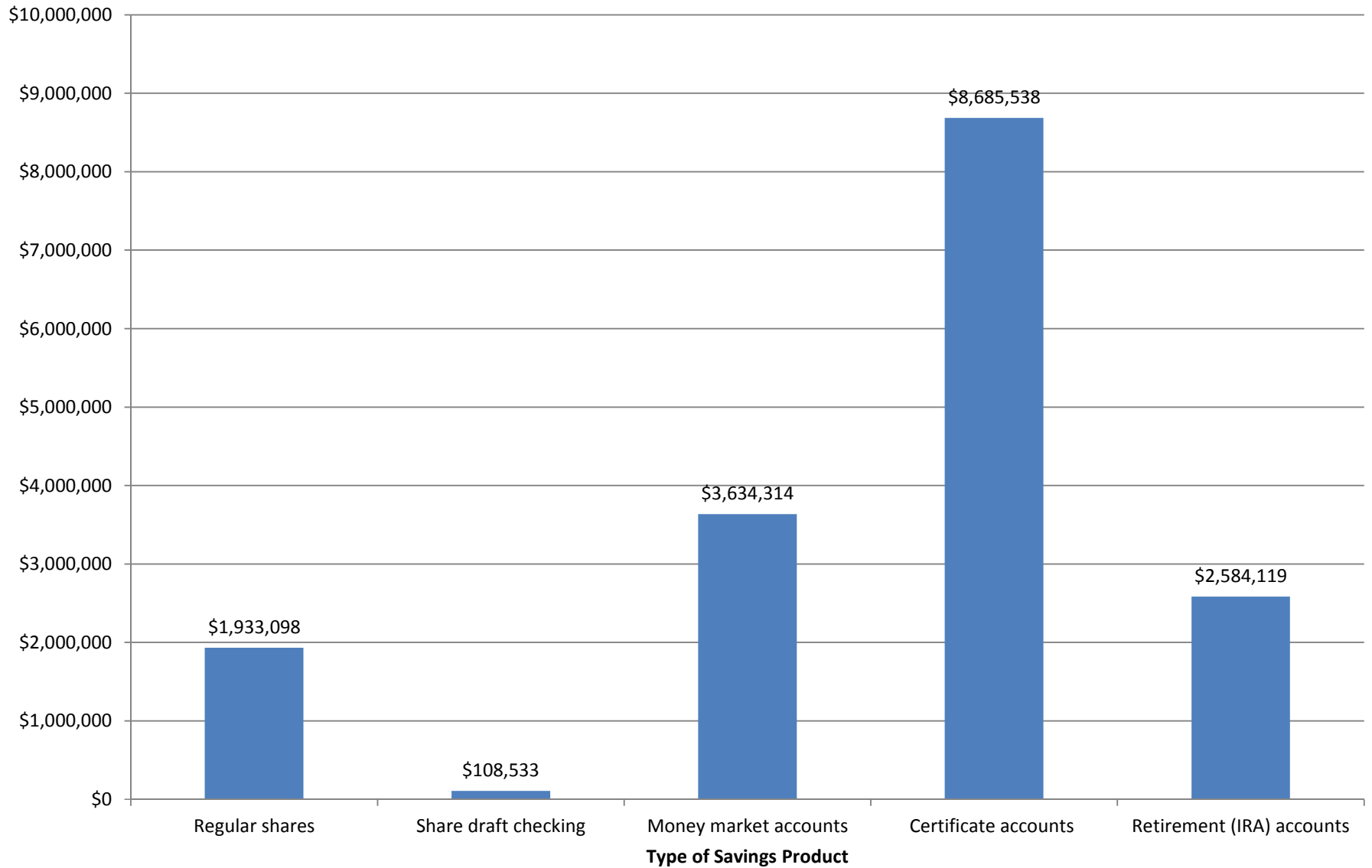
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.91	5.35	-1.45
48-month used car (A paper)	3.97	5.80	-1.83
Unsecured loan (A paper)	10.85	12.36	-1.52
5-year adjustable rate 1st mortgage, 0 pts	3.79	3.62	0.17
15-year fixed rate 1st mortgage, 0 pts	3.70	4.26	-0.56
30-year fixed rate 1st mortgage, 0 pts	4.21	4.83	-0.62
Home equity / 2nd mtg, 80% LTV 0 pts	3.82	4.22	-0.41
Credit card - classic	10.38	13.39	-3.01
Credit card - gold	10.16	11.48	-1.32
Savings Products			
Regular savings, \$1,000 balance	0.23	0.19	0.04
Share draft checking, \$5,000 balance	0.14	0.13	0.01
Money market accounts	0.53	0.40	0.13
1 Year certificate \$10,000 balance	0.77	0.53	0.24
Retirement (IRA) accounts	0.65	0.47	0.18
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 Maryland Credit Unions Financial Benefits Year-end 2011

Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Maryland Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,075,334,231	-1.45	\$15,538,580
Used car loans	1,457,267,893	-1.83	\$26,668,002
Personal unsecured loans	756,437,189	-1.52	\$11,460,023
5-year adjustable rate 1st mortgage	1,124,569,242	0.17	-\$1,911,768
15-year fixed rate 1st mortgage	1,027,729,060	-0.56	\$5,703,896
30-year fixed rate 1st mortgage	2,059,404,675	-0.62	\$12,665,339
Home equity / 2nd mortgage loans	1,847,941,190	-0.41	\$7,484,162
Credit cards	898,983,833	-3.01	\$23,261,207
Interest rebates in period			\$2,301,900
Total CU member benefits arising from lower interest rates on loan products:			\$103,171,341

Savings

Regular shares	5,523,137,822	0.04	\$1,933,098
Share draft checking	2,170,662,481	0.01	\$108,533
Money market accounts	2,795,626,346	0.13	\$3,634,314
Certificate accounts	3,695,973,711	0.24	\$8,685,538
Retirement (IRA) accounts	1,415,955,577	0.18	\$2,584,119
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$16,945,603

Fee Income

Total CU member benefit arising from fewer/lower fees: \$34,819,209

Total CU member benefit arising from interest rates on loan and savings products and lower fees: \$154,936,153

Total CU member benefit / member: \$88

Total CU member benefit / member household: \$167

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;

Maryland
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	330	334
Total assets (\$ mil)	18,999	18,120
Total loans (\$ mil)	10,621	10,642
Total surplus funds (\$ mil)	7,740	6,897
Total savings (\$ mil)	16,429	15,626
Total members (thousands)	1,750	1,776
Growth Rates (Trailing 12 months) *		
Total assets	4.9 %	5.0 %
Total loans	-0.2 %	-0.7 %
Total surplus funds	12.2 %	16.5 %
Total savings	5.1 %	6.1 %
Total members	-1.5 %	0.1 %
Earnings - Basis Pts. *		
Yield on total assets	391	438
Dividend/interest cost of assets	84	113
Fee & other income	129	132
Operating expense	359	367
Loss Provisions	45	63
Net Income (ROA) after stabilization exp	33	27
Capital adequacy		
Net worth / assets	10.6	10.8
Asset quality *		
Delinquencies / loans	1.3	1.4
Net chargeoffs / average loans	0.8	0.9
Total borrower-bankruptcies	42	46
Bankruptcies per 1000 members	2.6	2.9
Asset/Liability Management		
Loans / savings	64.6	68.1
Loans / assets	55.9	58.7
Long-term assets / assets	32.5	34.1
Core deposits/shares & borrowings	48.2	46.0
Productivity		
Members/potential members	9.8	10.0
Borrowers/members	47.7	47.1
Members/FTE	389	386
Average shares/members (\$)	9,391	8,797
Average loan balances (\$)	12,731	12,728
Salary & Benefits/FTE	72,062	68,584

* 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.