

The Benefits of Membership

Customized Analysis of Member Benefits For:

South Carolina

June 2011

Prepared by:

***Credit Union National Association
Economics and Statistics Department***



South Carolina

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 South Carolina credit unions provided \$88,766,389 in direct financial benefits to the state's 1,367,126 members during the twelve months ending June 2011.

These benefits are equivalent to \$65 per member or \$123 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 South Carolina 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 South Carolina credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a South Carolina credit union will save members an average \$100 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.

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

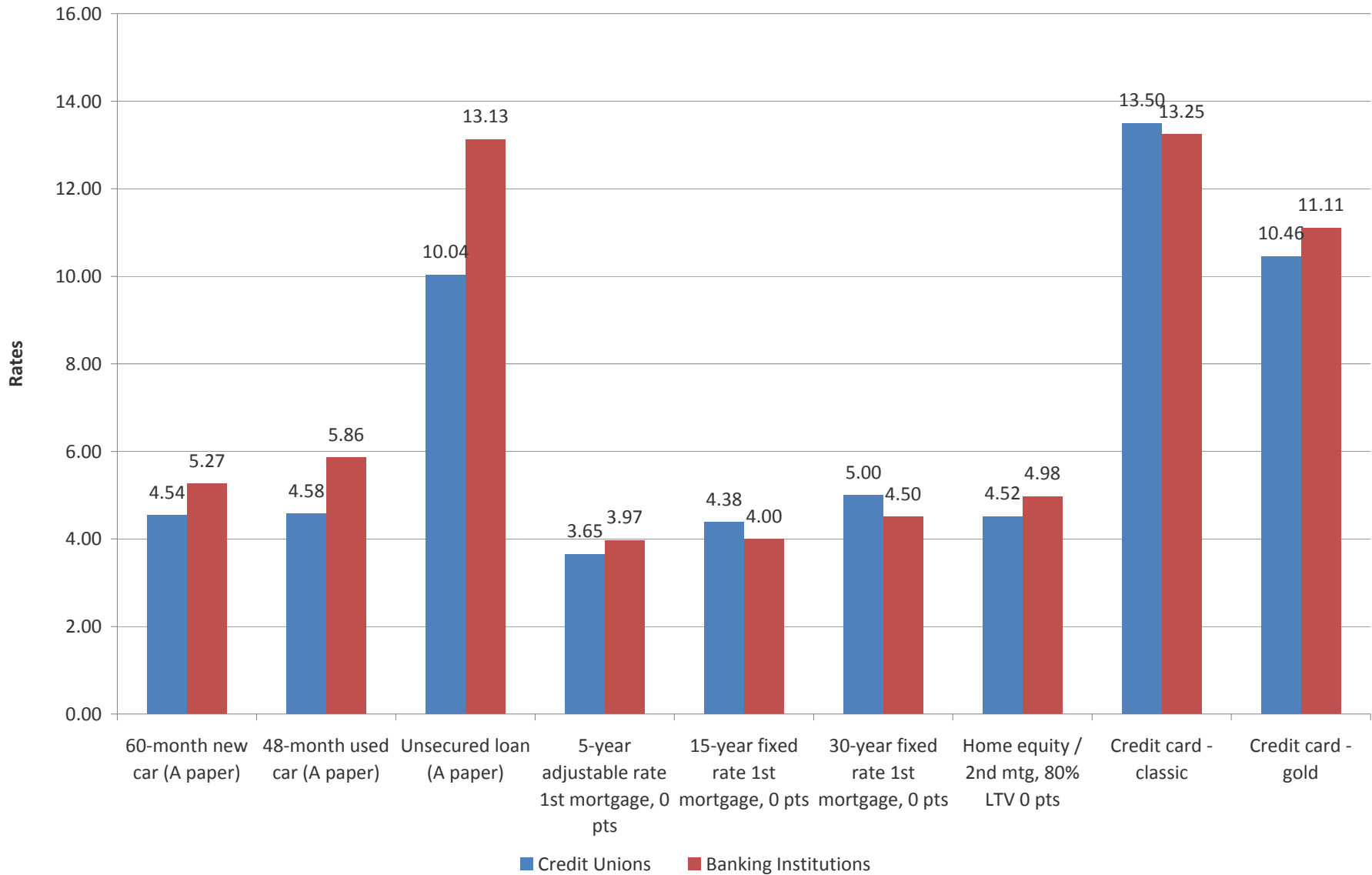
South Carolina credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



Source: Datatrac, NCUA, and CUNA.

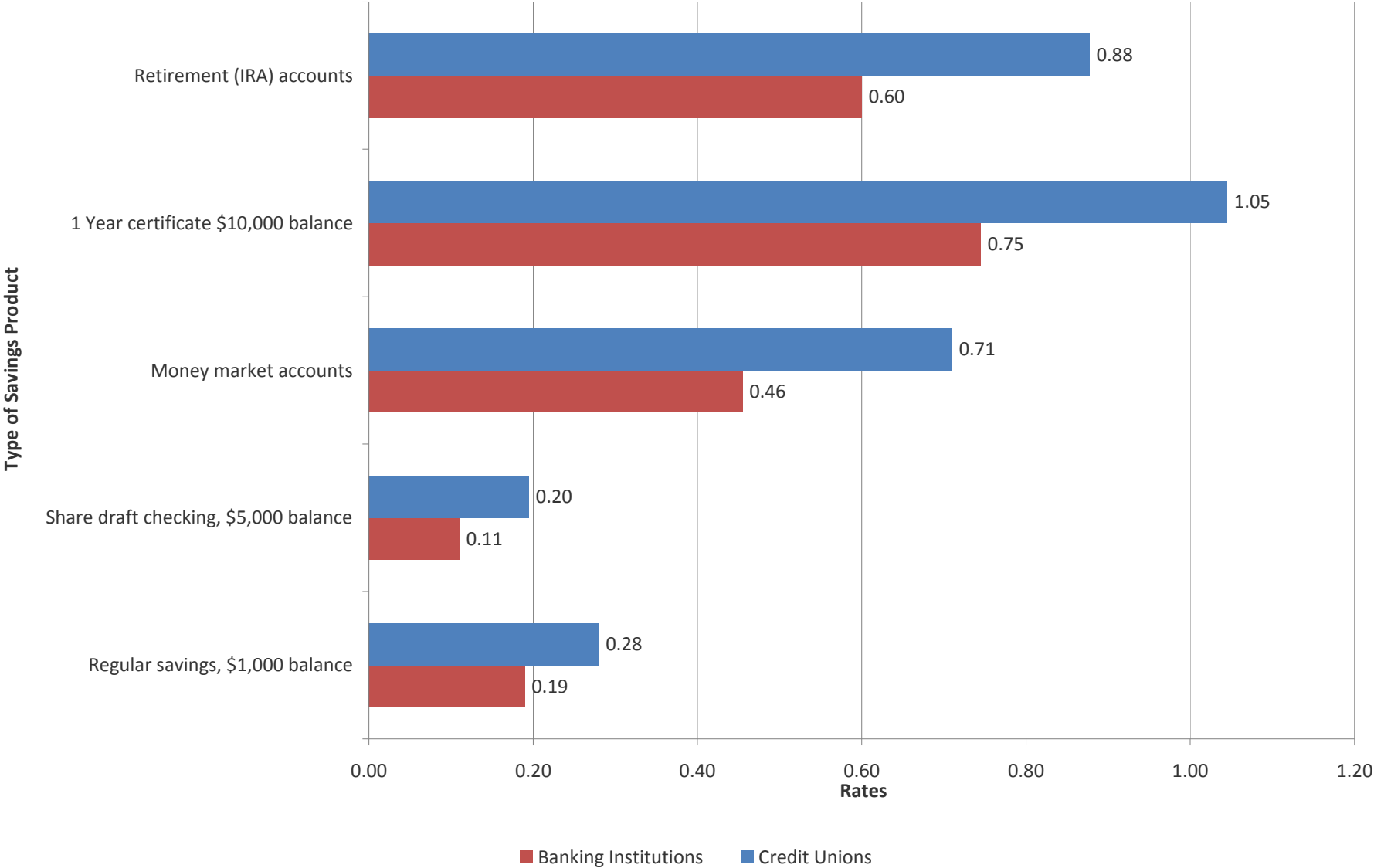
(1) Assumes 1.9 credit union members per household.

Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions

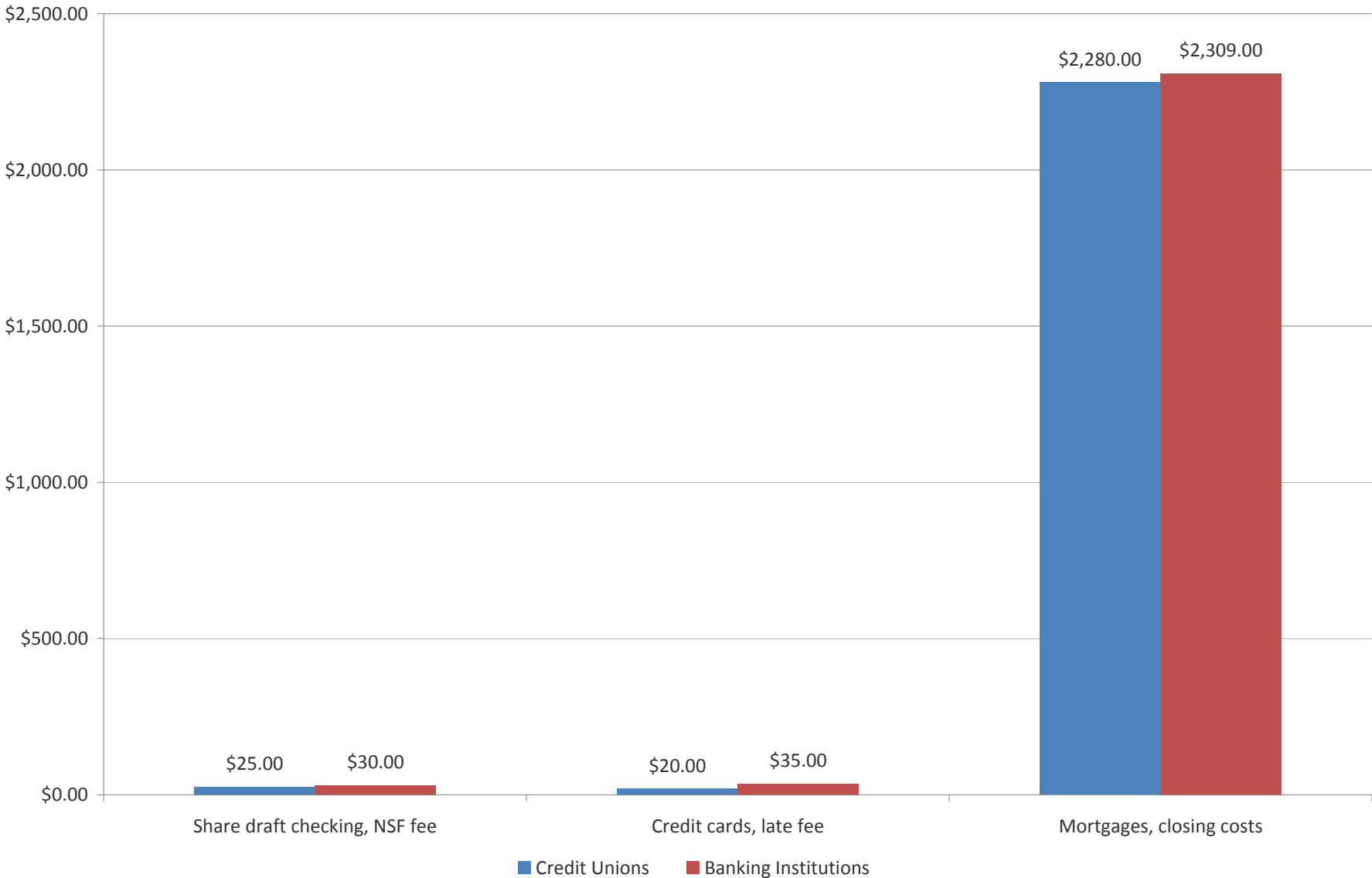


Recent Comparative Interest Rates for Savings Products

Credit Unions vs. Banking Institutions



Selected June 2011 Fees Credit Unions vs Banking Institutions

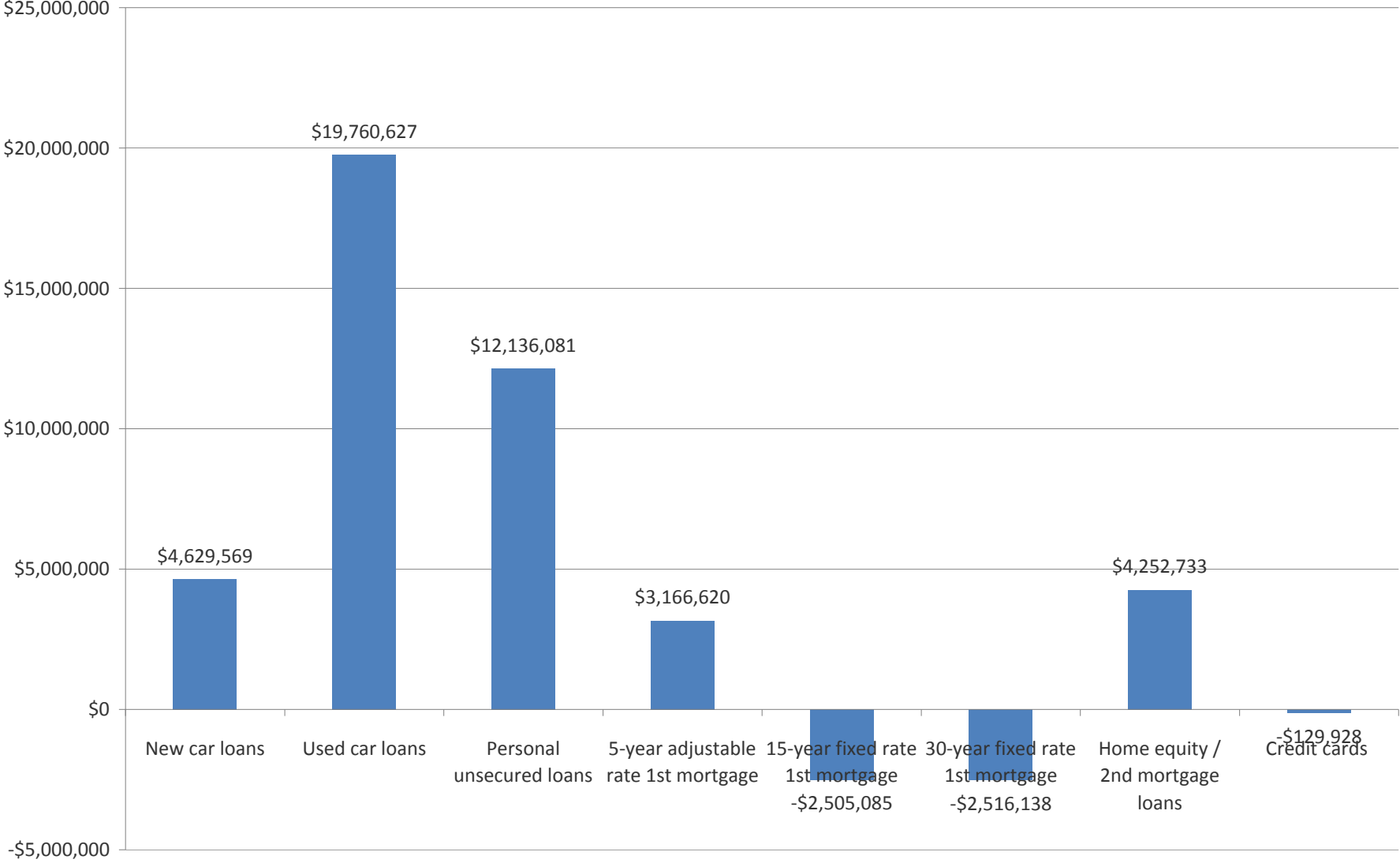


South Carolina
Credit Union and Banking Instituion
Mid-Year 2011 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.54	5.27	-0.73
48-month used car (A paper)	4.58	5.86	-1.28
Unsecured loan (A paper)	10.04	13.13	-3.09
5-year adjustable rate 1st mortgage, 0 pts	3.65	3.97	-0.32
15-year fixed rate 1st mortgage, 0 pts	4.38	4.00	0.38
30-year fixed rate 1st mortgage, 0 pts	5.00	4.50	0.50
Home equity / 2nd mtg, 80% LTV 0 pts	4.52	4.98	-0.46
Credit card - classic	13.50	13.25	0.25
Credit card - gold	10.46	11.11	-0.65
Savings Products			
Regular savings, \$1,000 balance	0.28	0.19	0.09
Share draft checking, \$5,000 balance	0.20	0.11	0.09
Money market accounts	0.71	0.46	0.26
1 Year certificate \$10,000 balance	1.05	0.75	0.30
Retirement (IRA) accounts	0.88	0.60	0.28
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

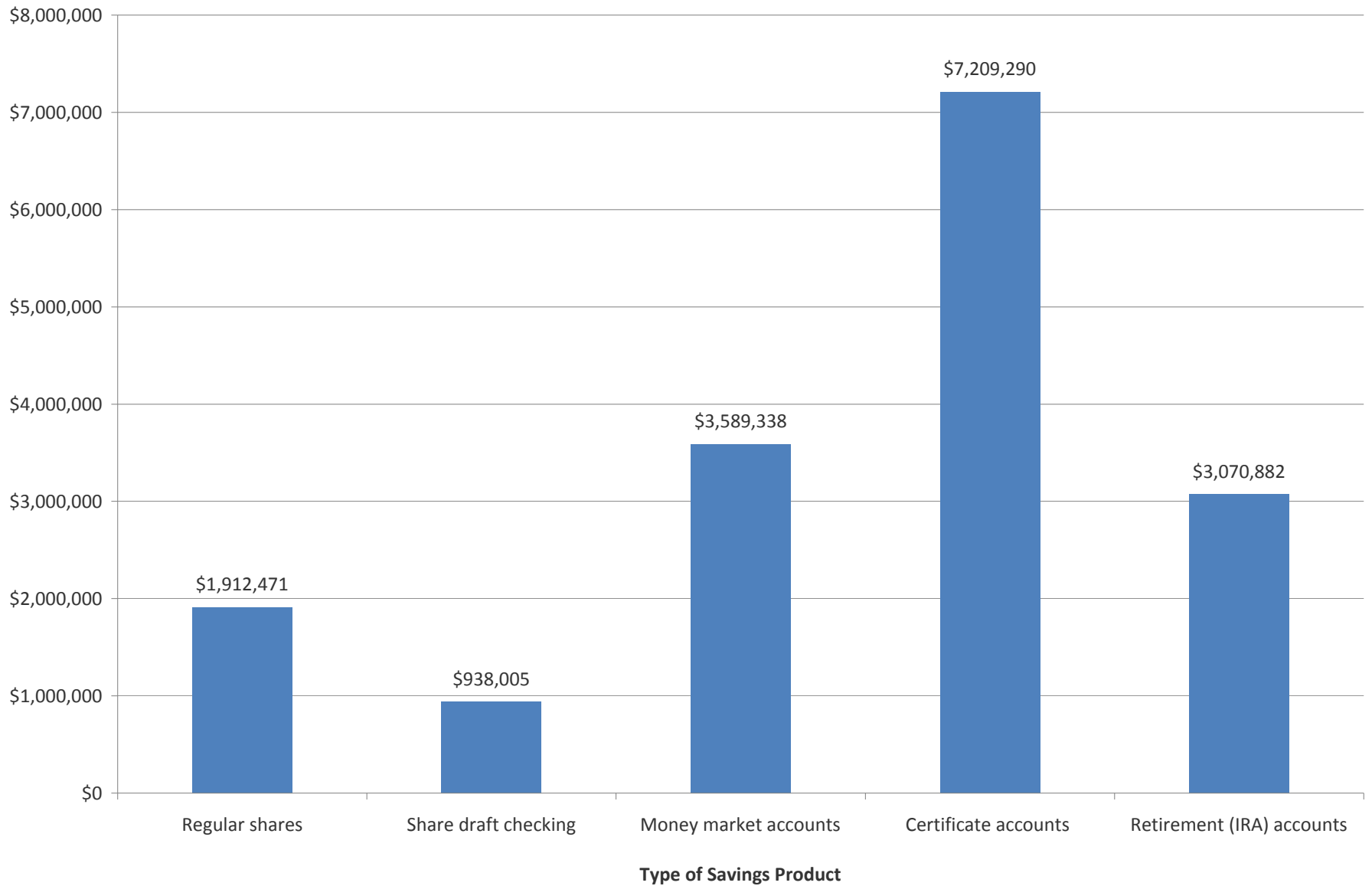
Source: Datatrac

Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Types of Loan Products

Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



Estimated South Carolina Credit Unions Financial Benefits Mid-Year 2011

Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. South Carolina Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	638,561,182	-0.73	\$4,629,569
Used car loans	1,543,798,964	-1.28	\$19,760,627
Personal unsecured loans	392,753,421	-3.09	\$12,136,081
5-year adjustable rate 1st mortgage	1,005,276,243	-0.32	\$3,166,620
15-year fixed rate 1st mortgage	659,232,780	0.38	-\$2,505,085
30-year fixed rate 1st mortgage	503,227,594	0.50	-\$2,516,138
Home equity / 2nd mortgage loans	924,507,211	-0.46	\$4,252,733
Credit cards	494,964,230	0.25	-\$129,928
Interest rebates in period			\$56,910
Total CU member benefits arising from lower interest rates on loan products:			\$38,851,389

Savings

Regular shares	2,124,967,908	0.09	\$1,912,471
Share draft checking	1,103,534,816	0.09	\$938,005
Money market accounts	1,407,583,644	0.26	\$3,589,338
Certificate accounts	2,403,096,753	0.30	\$7,209,290
Retirement (IRA) accounts	1,106,624,288	0.28	\$3,070,882
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$16,719,987

Fee Income

Total CU member benefit arising from fewer/lower fees: \$33,195,014

Total CU member benefit arising from interest rates on loan and savings products and lower fees: \$88,766,389

Total CU member benefit / member: \$65

Total CU member benefit / member household: \$123

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2011 and June 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

**South Carolina
Performance Profile**

Demographic Information	June 11	June 10
Number of branches	340	350
Total assets (\$ mil)	10,002	9,541
Total loans (\$ mil)	6,347	6,600
Total surplus funds (\$ mil)	3,055	2,398
Total savings (\$ mil)	8,385	7,945
Total members (thousands)	1,371	1,363
Growth Rates (Trailing 12 months) *		
Total assets	4.8 %	12.1 %
Total loans	-3.8 %	12.4 %
Total surplus funds	27.4 %	11.0 %
Total savings	5.5 %	13.8 %
Total members	0.6 %	5.0 %
Earnings - Basis Pts. *		
Yield on total assets	444	487
Dividend/interest cost of assets	105	135
Fee & other income	219	228
Operating expense	435	427
Loss Provisions	46	92
Net Income (ROA) after stabilization exp	77	39
Capital adequacy		
Net worth / assets	11.0	11.0
Asset quality *		
Delinquencies / loans	1.3	1.6
Net chargeoffs / average loans	0.9	1.2
Total borrower-bankruptcies	2,314	2,834
Bankruptcies per 1000 members	1.7	2.1
Asset/Liability Management		
Loans / savings	75.7	83.1
Loans / assets	63.5	69.2
Long-term assets / assets	23.0	23.6
Core deposits/shares & borrowings	39.4	37.9
Productivity		
Members/potential members	10.6	10.1
Borrowers/members	48.3	49.7
Members/FTE	361	355
Average shares/members (\$)	6,115	5,829
Average loan balances (\$)	9,583	9,736
Salary & Benefits/FTE	54,642	52,491

* 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.