

The Benefits of Membership

Customized Analysis of Member Benefits For:

Virginia

December 2011

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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 Virginia credit unions provided \$704,224,442 in direct financial benefits to the state's 7,099,597 members during the twelve months ending December 2011.

These benefits are equivalent to \$99 per member or \$188 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 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 Virginia credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Virginia credit union will save members an average \$199 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.

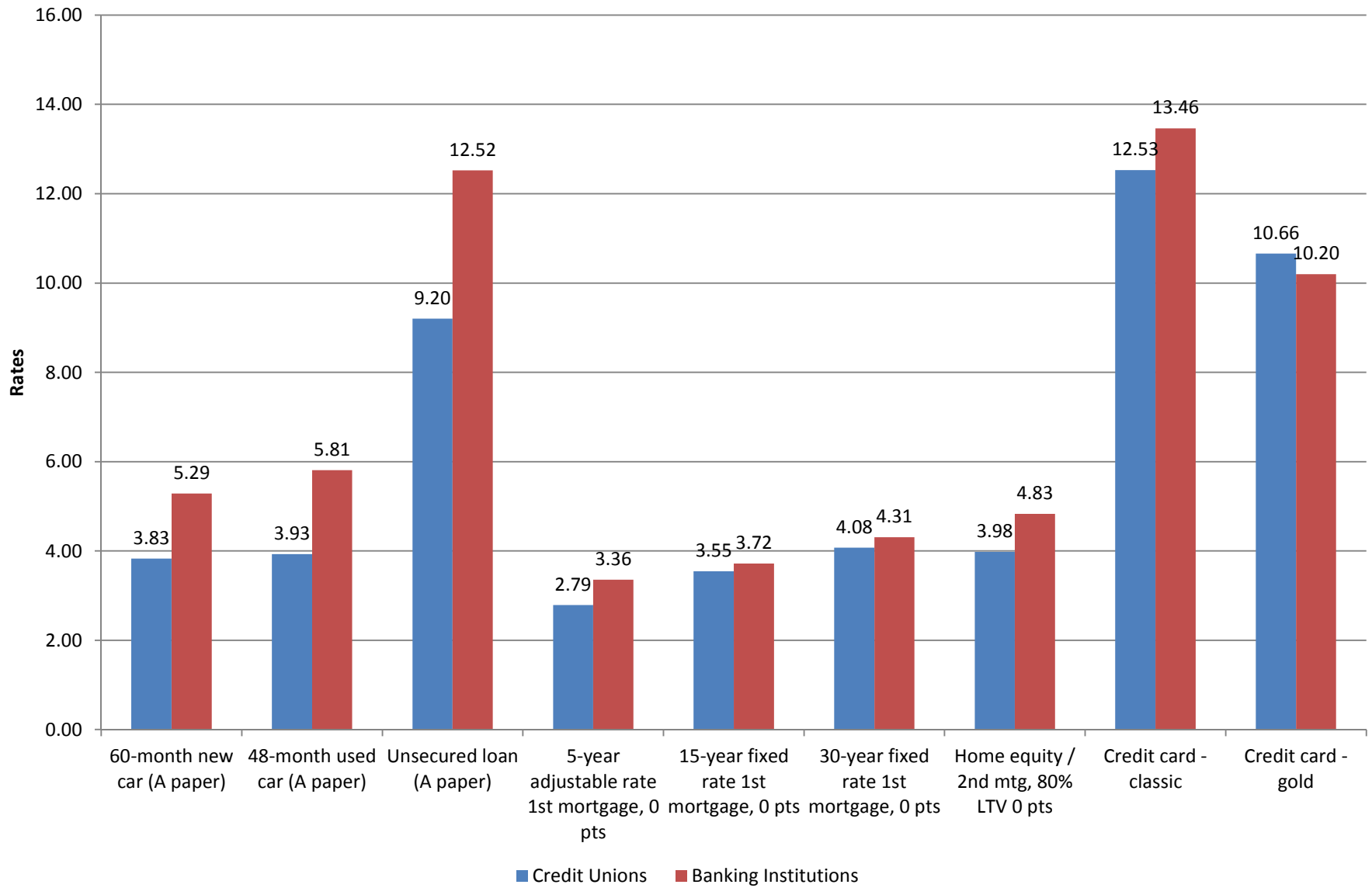
Virginia credit unions excel in providing member benefits on many loan and saving products. In particular, Virginia credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate,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

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

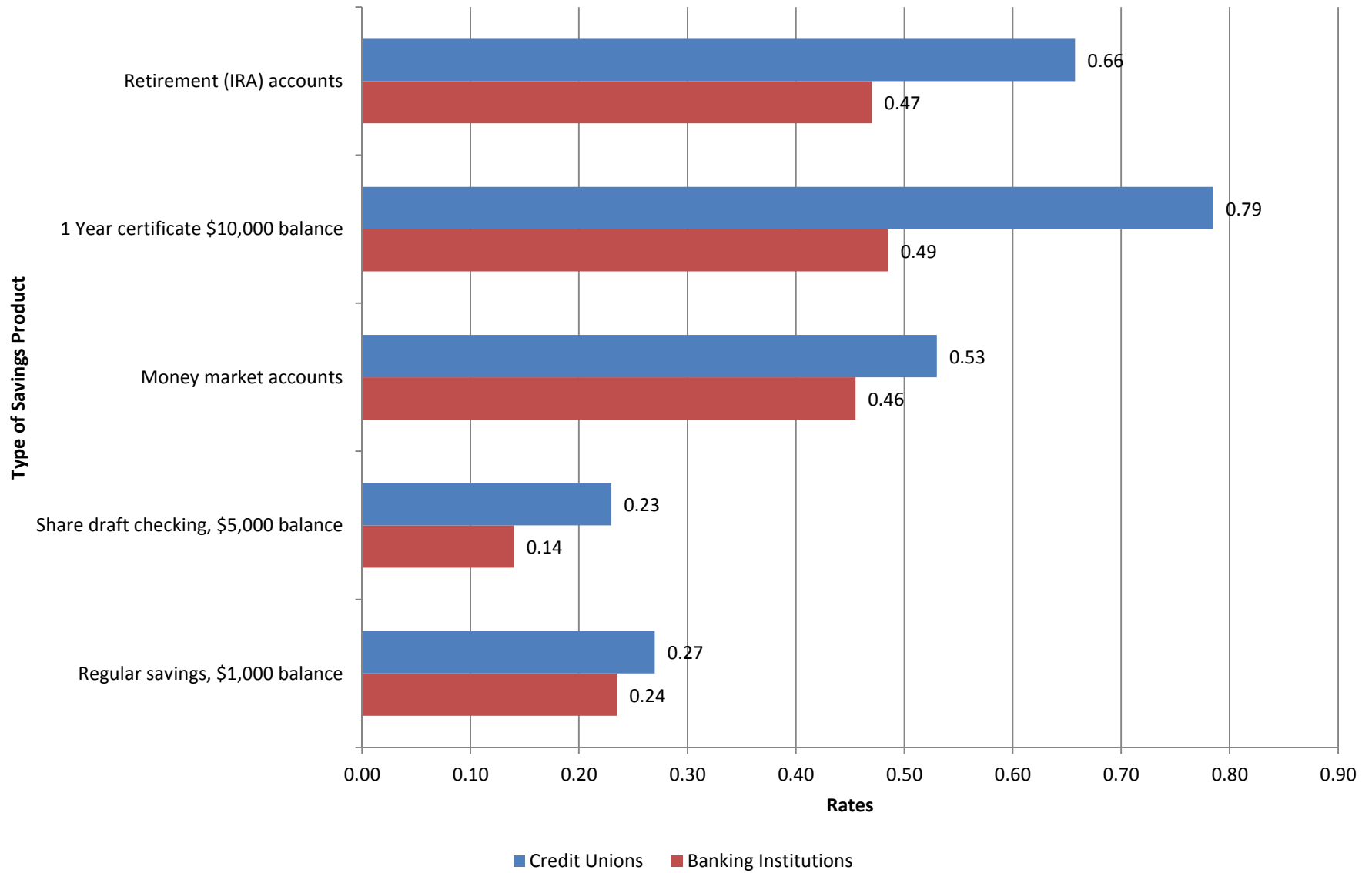


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

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

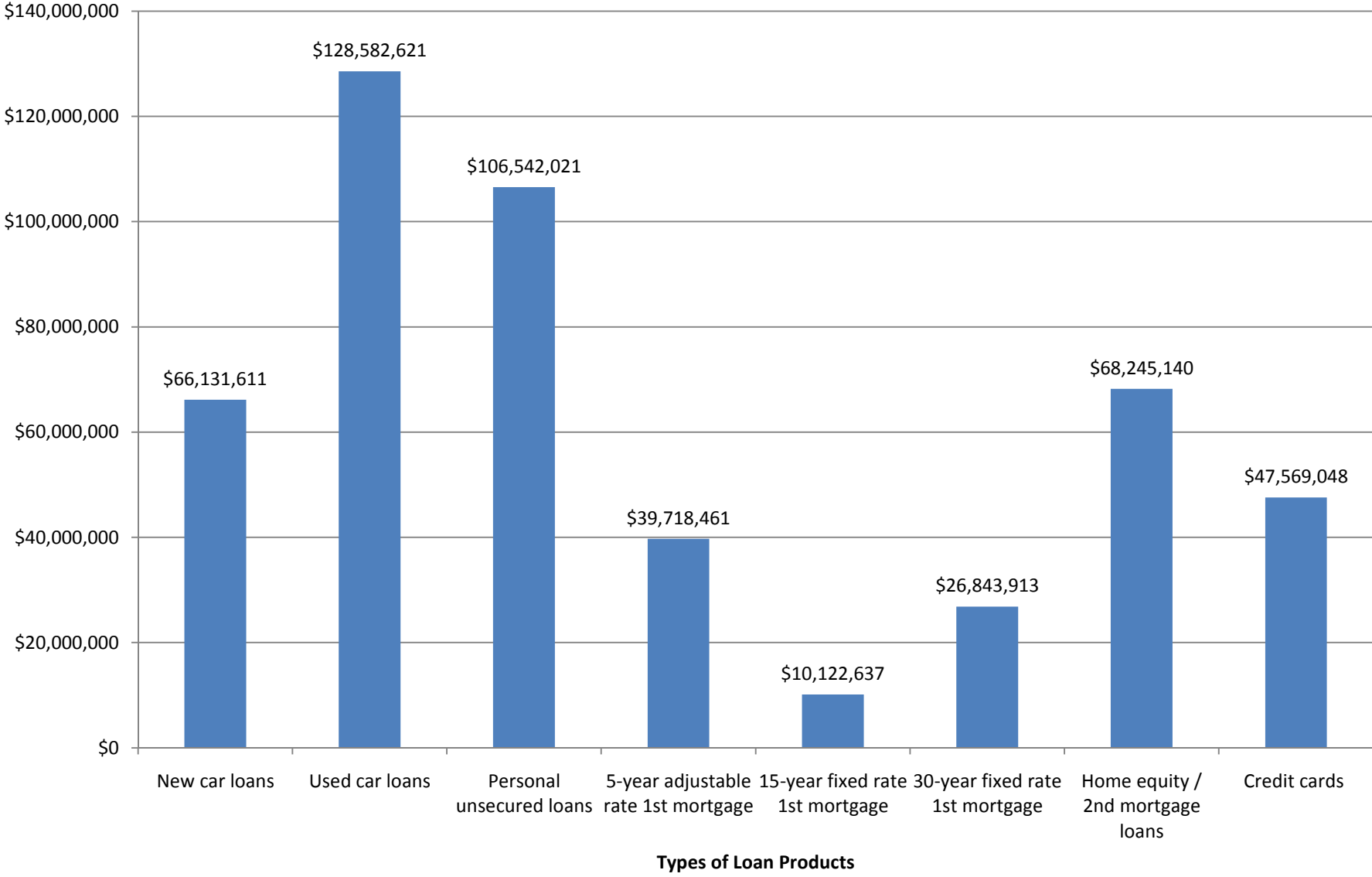


Virginia
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

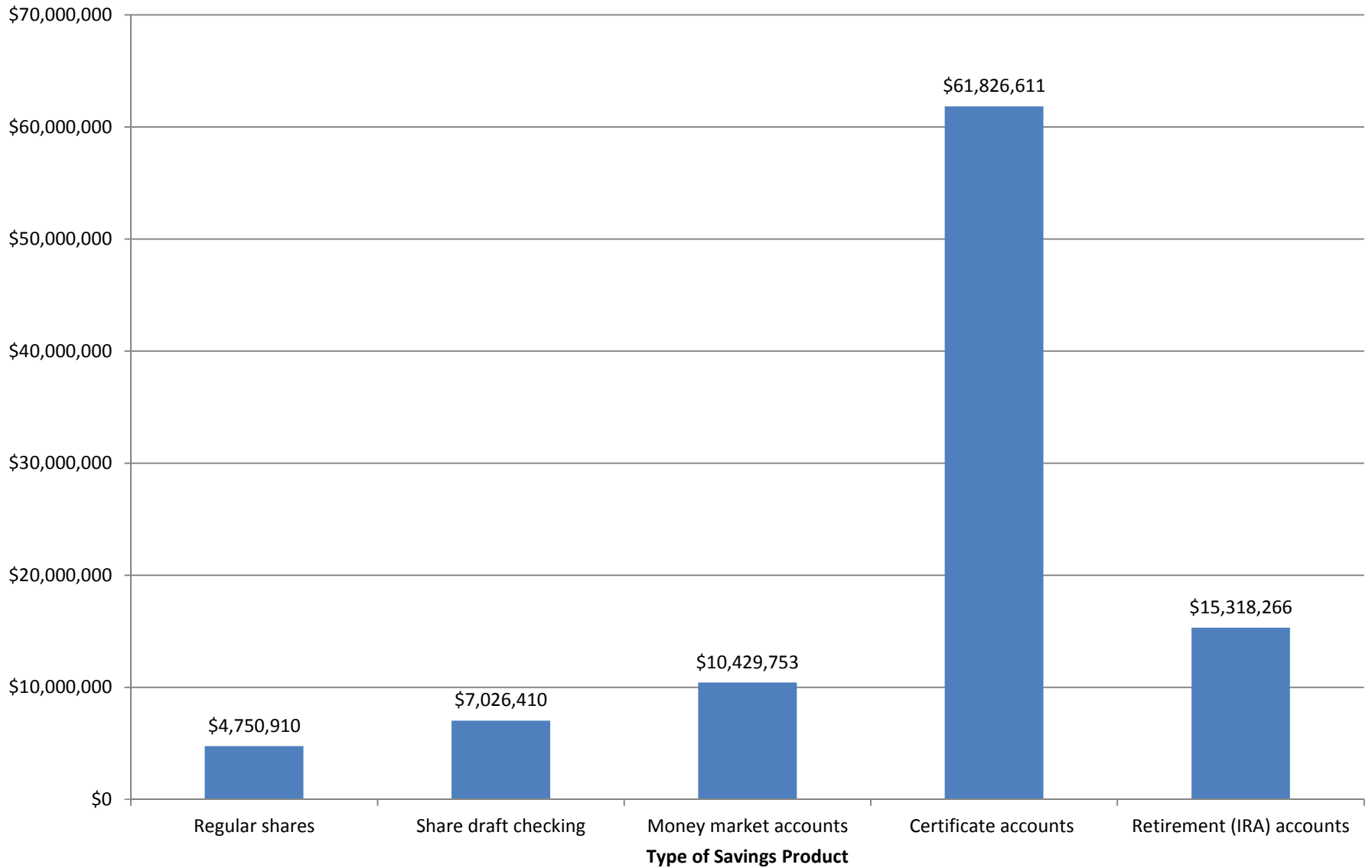
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.83	5.29	-1.46
48-month used car (A paper)	3.93	5.81	-1.88
Unsecured loan (A paper)	9.20	12.52	-3.32
5-year adjustable rate 1st mortgage, 0 pts	2.79	3.36	-0.57
15-year fixed rate 1st mortgage, 0 pts	3.55	3.72	-0.18
30-year fixed rate 1st mortgage, 0 pts	4.08	4.31	-0.23
Home equity / 2nd mtg, 80% LTV 0 pts	3.98	4.83	-0.85
Credit card - classic	12.53	13.46	-0.93
Credit card - gold	10.66	10.20	0.46
Savings Products			
Regular savings, \$1,000 balance	0.27	0.24	0.04
Share draft checking, \$5,000 balance	0.23	0.14	0.09
Money market accounts	0.53	0.46	0.08
1 Year certificate \$10,000 balance	0.79	0.49	0.30
Retirement (IRA) accounts	0.66	0.47	0.19
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 Virginia Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Virginia Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	4,545,127,901	-1.46	\$66,131,611
Used car loans	6,839,501,098	-1.88	\$128,582,621
Personal unsecured loans	3,209,097,029	-3.32	\$106,542,021
5-year adjustable rate 1st mortgage	7,029,816,092	-0.57	\$39,718,461
15-year fixed rate 1st mortgage	5,784,363,886	-0.18	\$10,122,637
30-year fixed rate 1st mortgage	11,671,266,458	-0.23	\$26,843,913
Home equity / 2nd mortgage loans	8,028,839,947	-0.85	\$68,245,140
Credit cards	8,166,360,117	-0.93	\$47,569,048
Interest rebates in period			\$101,272
Total CU member benefits arising from lower interest rates on loan products:			\$493,856,723
 <u>Savings</u>			
Regular shares	13,574,029,638	0.04	\$4,750,910
Share draft checking	7,807,121,796	0.09	\$7,026,410
Money market accounts	13,906,337,840	0.08	\$10,429,753
Certificate accounts	20,608,870,190	0.30	\$61,826,611
Retirement (IRA) accounts	8,169,742,004	0.19	\$15,318,266
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$99,351,950
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$111,015,769
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$704,224,442
Total CU member benefit / member:			\$99
Total CU member benefit / member household:			\$188

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;

Virginia
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	808	808
Total assets (\$ mil)	85,312	81,388
Total loans (\$ mil)	58,075	57,123
Total surplus funds (\$ mil)	24,671	21,446
Total savings (\$ mil)	65,927	62,591
Total members (thousands)	7,270	6,958
Growth Rates (Trailing 12 months) *		
Total assets	4.8 %	8.9 %
Total loans	1.7 %	-0.8 %
Total surplus funds	15.0 %	45.8 %
Total savings	5.3 %	7.9 %
Total members	4.5 %	5.2 %
Earnings - Basis Pts. *		
Yield on total assets	485	522
Dividend/interest cost of assets	154	182
Fee & other income	138	145
Operating expense	290	284
Loss Provisions	71	107
Net Income (ROA) after stabilization exp	109	94
Capital adequacy		
Net worth / assets	10.2	9.5
Asset quality *		
Delinquencies / loans	1.2	1.2
Net chargeoffs / average loans	1.1	1.3
Total borrower-bankruptcies	199	198
Bankruptcies per 1000 members	5.1	5.4
Asset/Liability Management		
Loans / savings	88.1	91.3
Loans / assets	68.1	70.2
Long-term assets / assets	39.5	42.3
Core deposits/shares & borrowings	33.4	31.4
Productivity		
Members/potential members	14.3	14.2
Borrowers/members	64.4	64.9
Members/FTE	476	479
Average shares/members (\$)	9,069	8,995
Average loan balances (\$)	12,401	12,643
Salary & Benefits/FTE	71,816	69,229

* 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.