

The Benefits of Membership

Customized Analysis of Member Benefits For:

West Virginia

June 2011

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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 \$15,842,368 in direct financial benefits to the state's 389,500 members during the twelve months ending June 2011.

These benefits are equivalent to \$41 per member or \$77 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 \$90 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, .

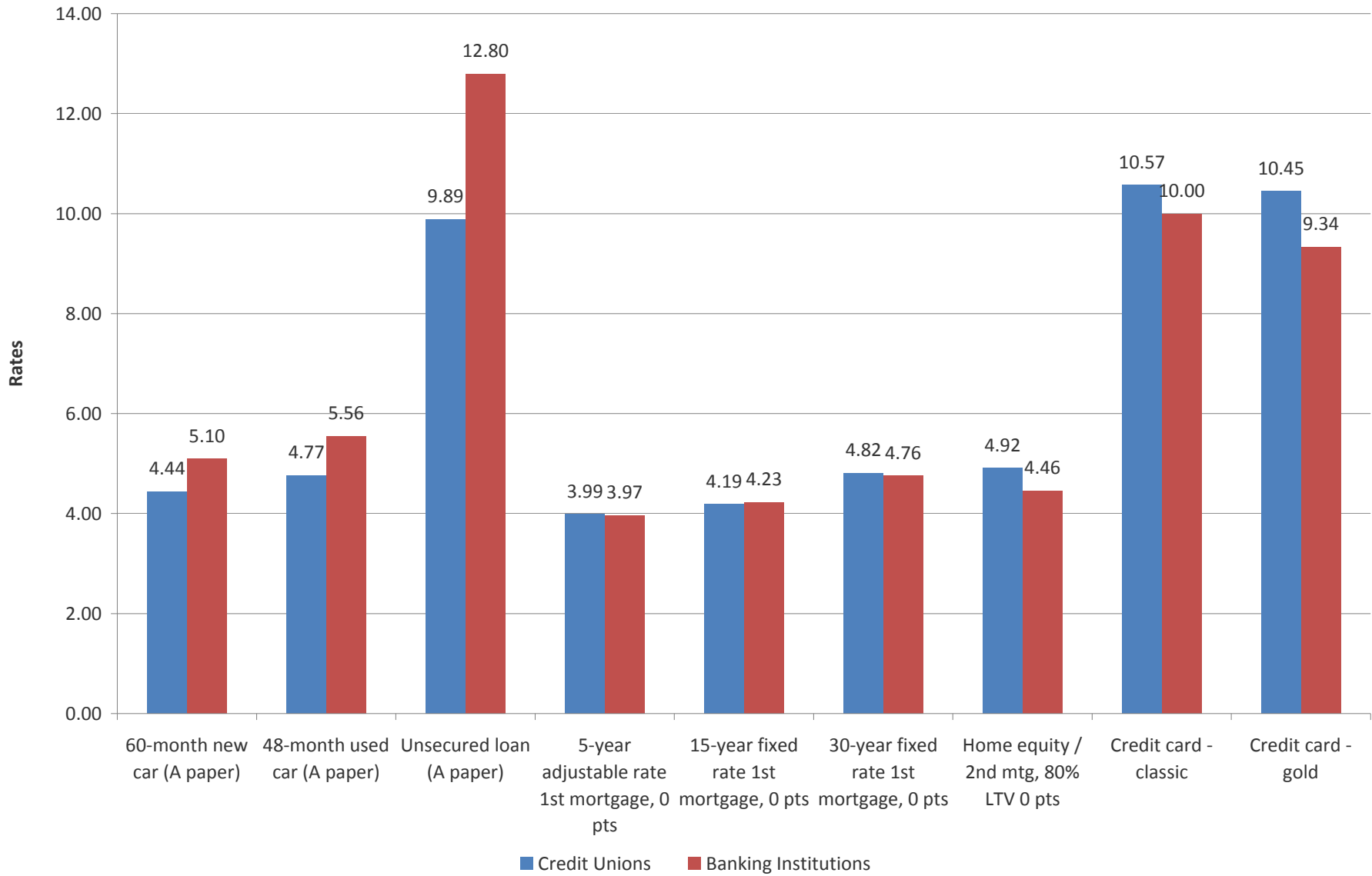
West Virginia credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



Source: Datatrac, NCUA, and CUNA.

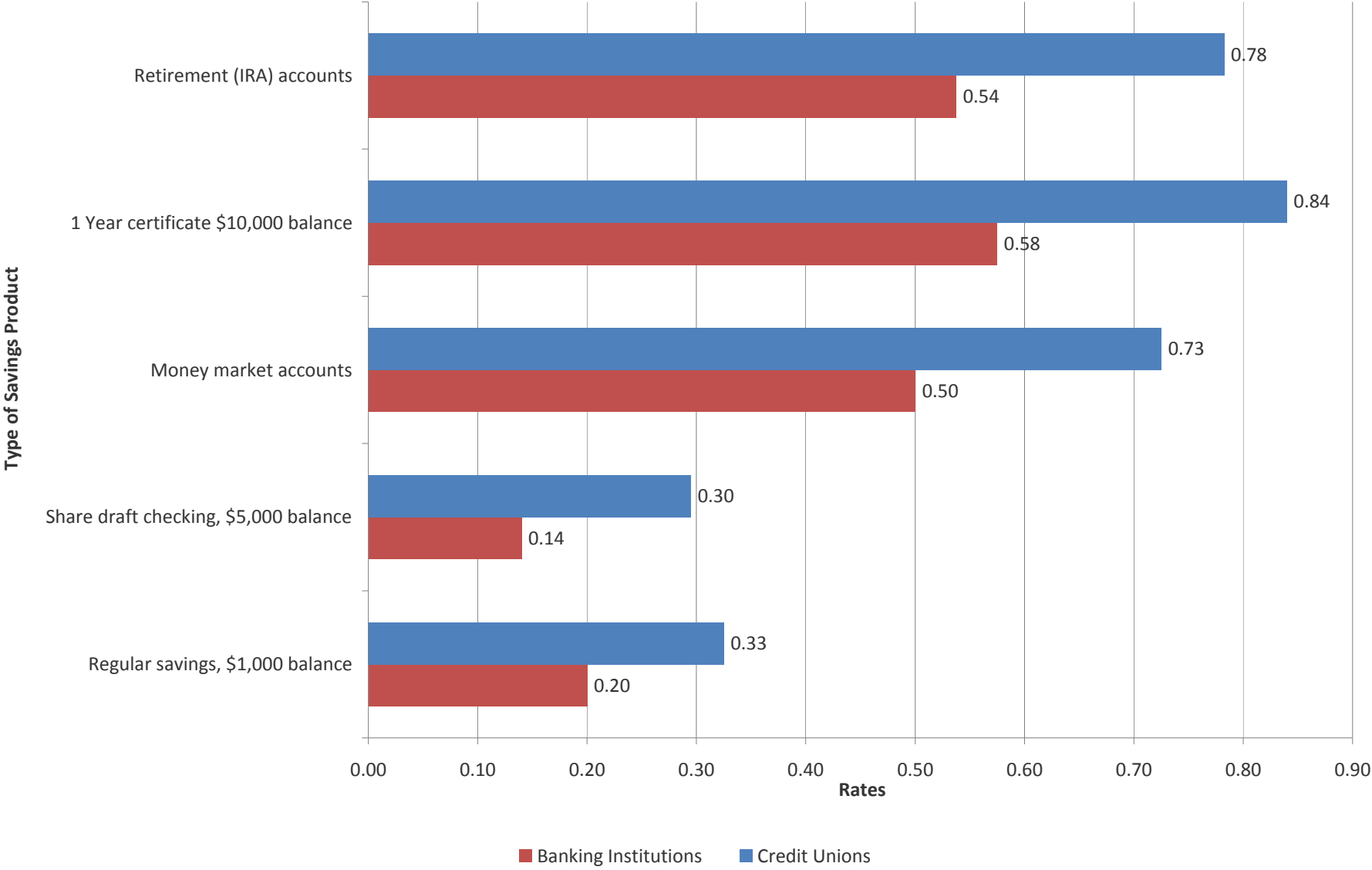
(1) Assumes 1.9 credit union members per household.

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

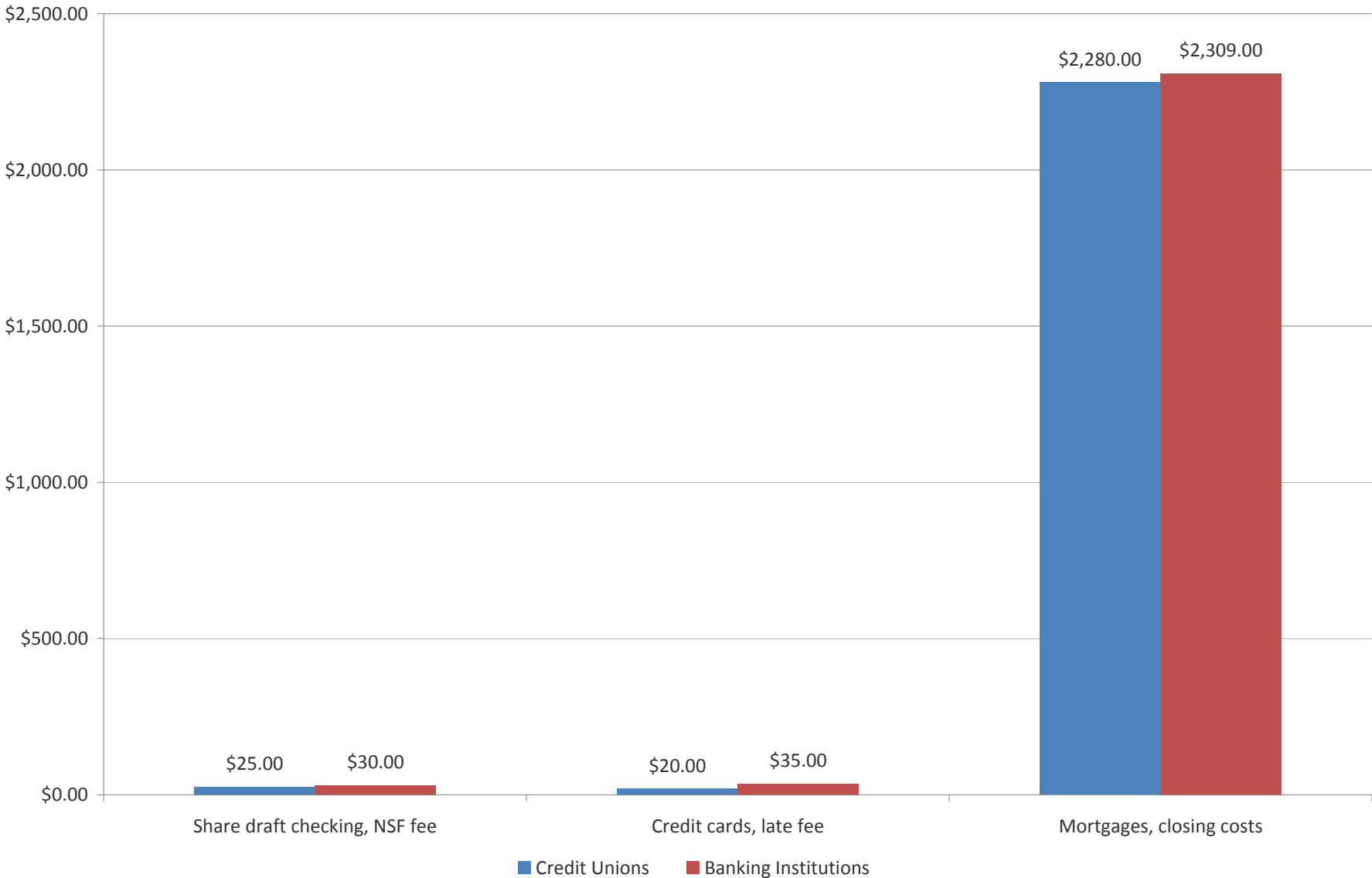


Recent Comparative Interest Rates for Savings Products

Credit Unions vs. Banking Institutions



Selected June 2011 Fees Credit Unions vs Banking Institutions

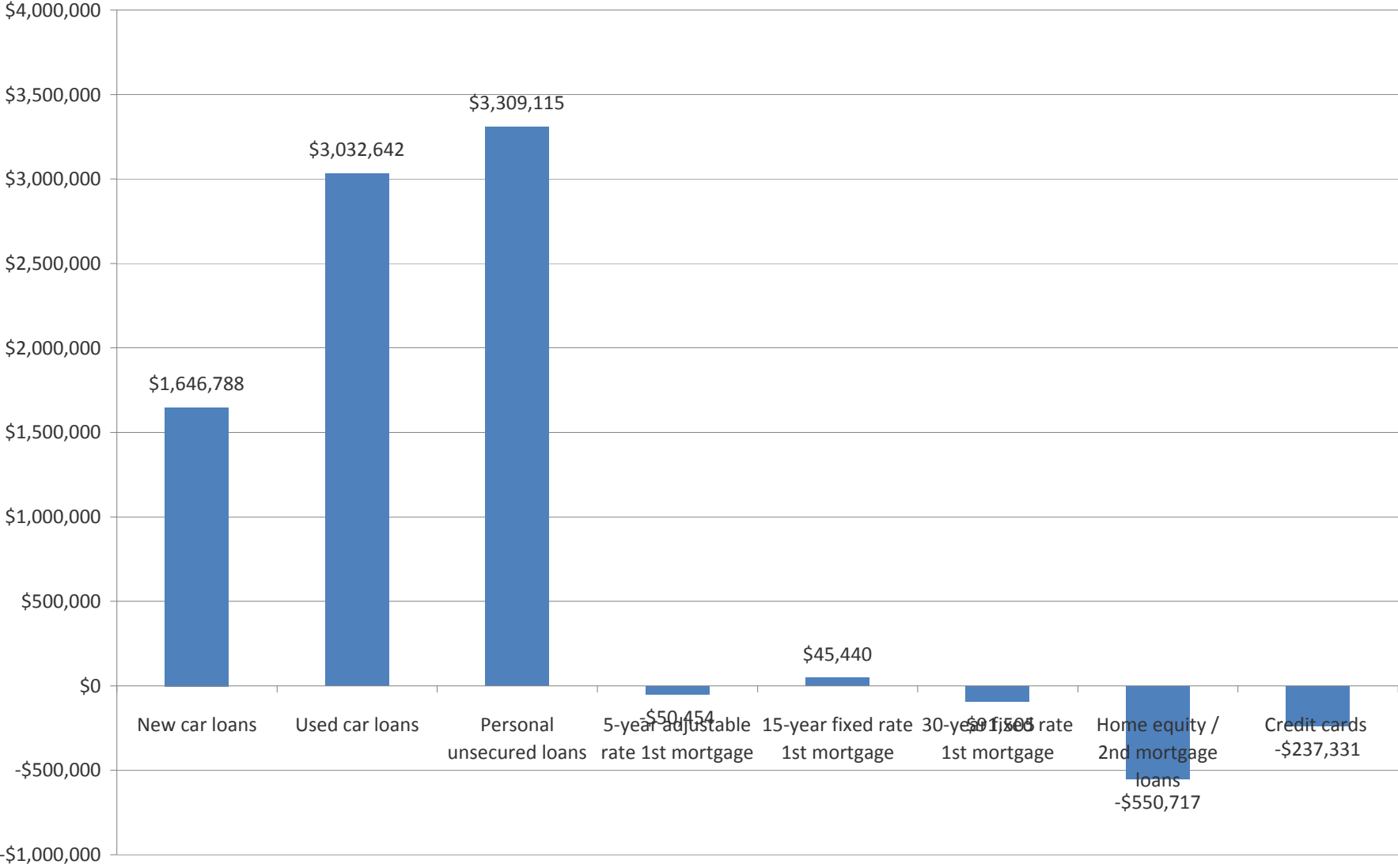


West Virginia
Credit Union and Banking Instituion
Mid-Year 2011 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.44	5.10	-0.65
48-month used car (A paper)	4.77	5.56	-0.79
Unsecured loan (A paper)	9.89	12.80	-2.91
5-year adjustable rate 1st mortgage, 0 pts	3.99	3.97	0.03
15-year fixed rate 1st mortgage, 0 pts	4.19	4.23	-0.03
30-year fixed rate 1st mortgage, 0 pts	4.82	4.76	0.06
Home equity / 2nd mtg, 80% LTV 0 pts	4.92	4.46	0.46
Credit card - classic	10.57	10.00	0.58
Credit card - gold	10.45	9.34	1.12
Savings Products			
Regular savings, \$1,000 balance	0.33	0.20	0.13
Share draft checking, \$5,000 balance	0.30	0.14	0.16
Money market accounts	0.73	0.50	0.23
1 Year certificate \$10,000 balance	0.84	0.58	0.27
Retirement (IRA) accounts	0.78	0.54	0.25
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

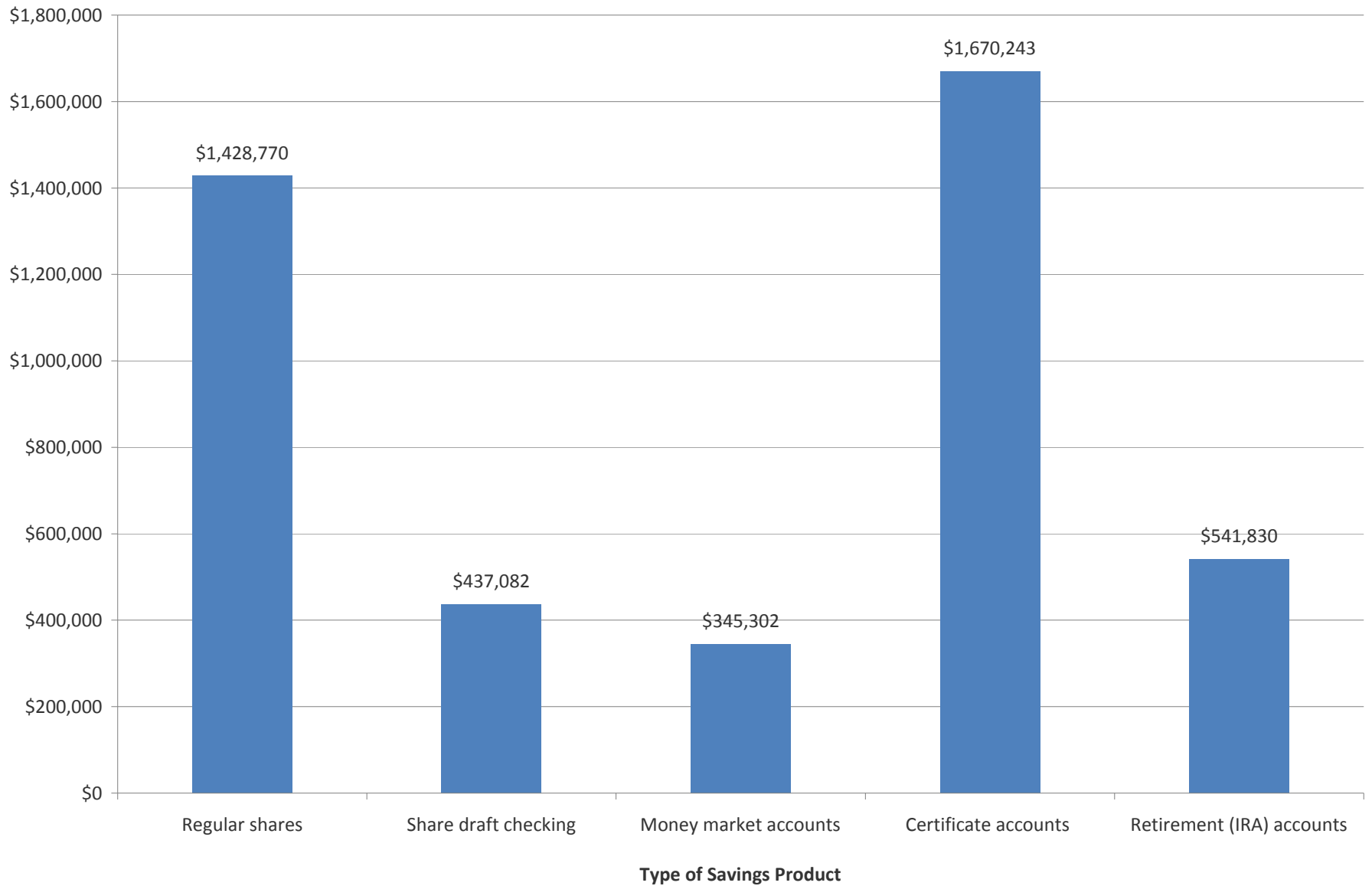
Source: Datatrac

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 West Virginia Credit Unions Financial Benefits Mid-Year 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. West Virginia Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	251,417,948	-0.65	\$1,646,788
Used car loans	383,878,770	-0.79	\$3,032,642
Personal unsecured loans	113,715,297	-2.91	\$3,309,115
5-year adjustable rate 1st mortgage	201,815,148	0.03	-\$50,454
15-year fixed rate 1st mortgage	129,828,018	-0.03	\$45,440
30-year fixed rate 1st mortgage	152,507,802	0.06	-\$91,505
Home equity / 2nd mortgage loans	119,721,164	0.46	-\$550,717
Credit cards	33,426,840	0.58	-\$237,331
Interest rebates in period			\$6,935
Total CU member benefits arising from lower interest rates on loan products:			\$7,110,913
 <u>Savings</u>			
Regular shares	1,143,015,773	0.13	\$1,428,770
Share draft checking	281,988,607	0.16	\$437,082
Money market accounts	153,467,355	0.23	\$345,302
Certificate accounts	630,280,324	0.27	\$1,670,243
Retirement (IRA) accounts	221,155,022	0.25	\$541,830
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$4,423,226
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$4,308,229
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$15,842,368
 Total CU member benefit / member:			\$41
Total CU member benefit / member household:			\$77

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;

**West Virginia
Performance Profile**

Demographic Information	June 11	June 10
Number of branches	166	171
Total assets (\$ mil)	2,915	2,736
Total loans (\$ mil)	1,534	1,529
Total surplus funds (\$ mil)	1,269	1,098
Total savings (\$ mil)	2,541	2,374
Total members (thousands)	388	391
Growth Rates (Trailing 12 months) *		
Total assets	6.6 %	5.4 %
Total loans	0.4 %	1.1 %
Total surplus funds	15.6 %	12.3 %
Total savings	7.0 %	8.2 %
Total members	-0.6 %	-0.7 %
Earnings - Basis Pts. *		
Yield on total assets	408	452
Dividend/interest cost of assets	89	117
Fee & other income	98	99
Operating expense	349	348
Loss Provisions	19	23
Net Income (ROA) after stabilization exp	49	42
Capital adequacy		
Net worth / assets	12.0	12.4
Asset quality *		
Delinquencies / loans	1.3	1.3
Net chargeoffs / average loans	0.3	0.4
Total borrower-bankruptcies	516	754
Bankruptcies per 1000 members	1.3	1.9
Asset/Liability Management		
Loans / savings	60.4	64.4
Loans / assets	52.6	55.9
Long-term assets / assets	23.2	20.3
Core deposits/shares & borrowings	58.6	57.0
Productivity		
Members/potential members	10.1	10.2
Borrowers/members	39.1	38.6
Members/FTE	384	381
Average shares/members (\$)	6,541	6,079
Average loan balances (\$)	10,111	10,140
Salary & Benefits/FTE	48,230	45,486

* 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.