

The Benefits of Membership

Customized Analysis of Member Benefits For:

Delaware

June 2014

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Delaware

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 Delaware credit unions provided \$14,480,926 in direct financial benefits to the state's 218,546 members during the twelve months ending June 2014.

These benefits are equivalent to \$66 per member or \$126 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 Delaware 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 Delaware credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Delaware credit union will save members an average \$258 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.

Delaware credit unions excel in providing member benefits on many loan and saving products. In particular, Delaware 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.

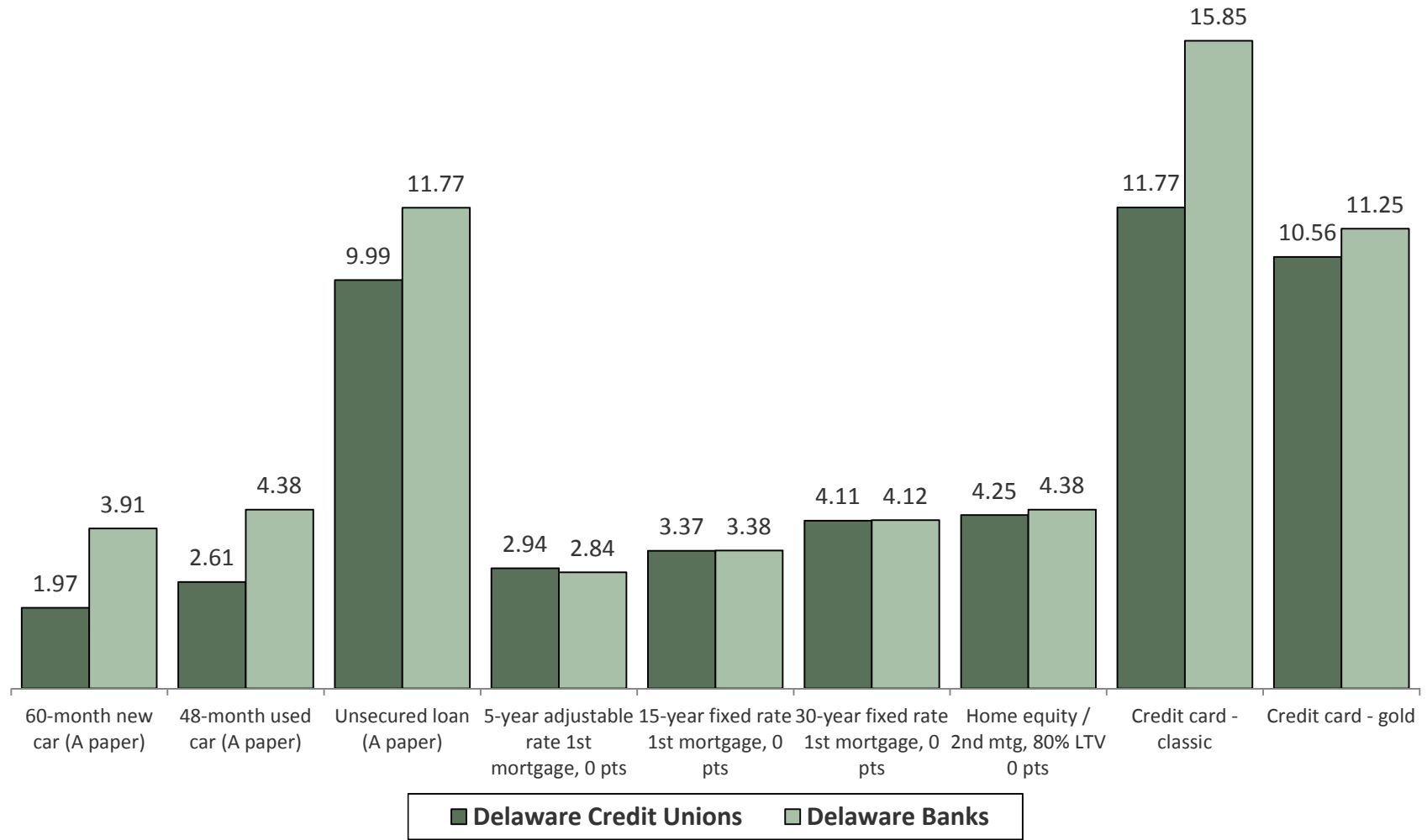
Delaware credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

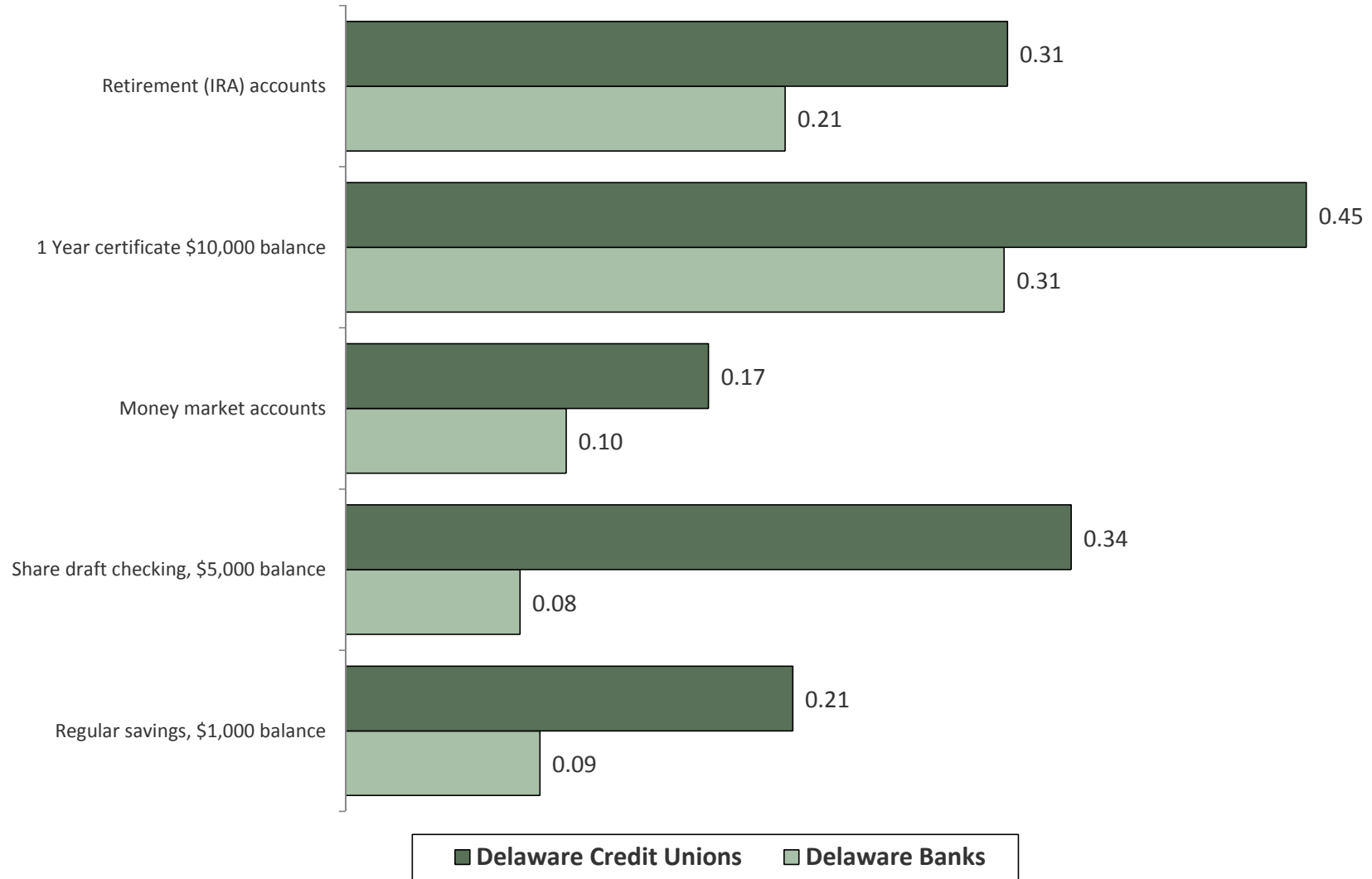
Loan Product Comparative Interest Rates (%)

By Loan Type

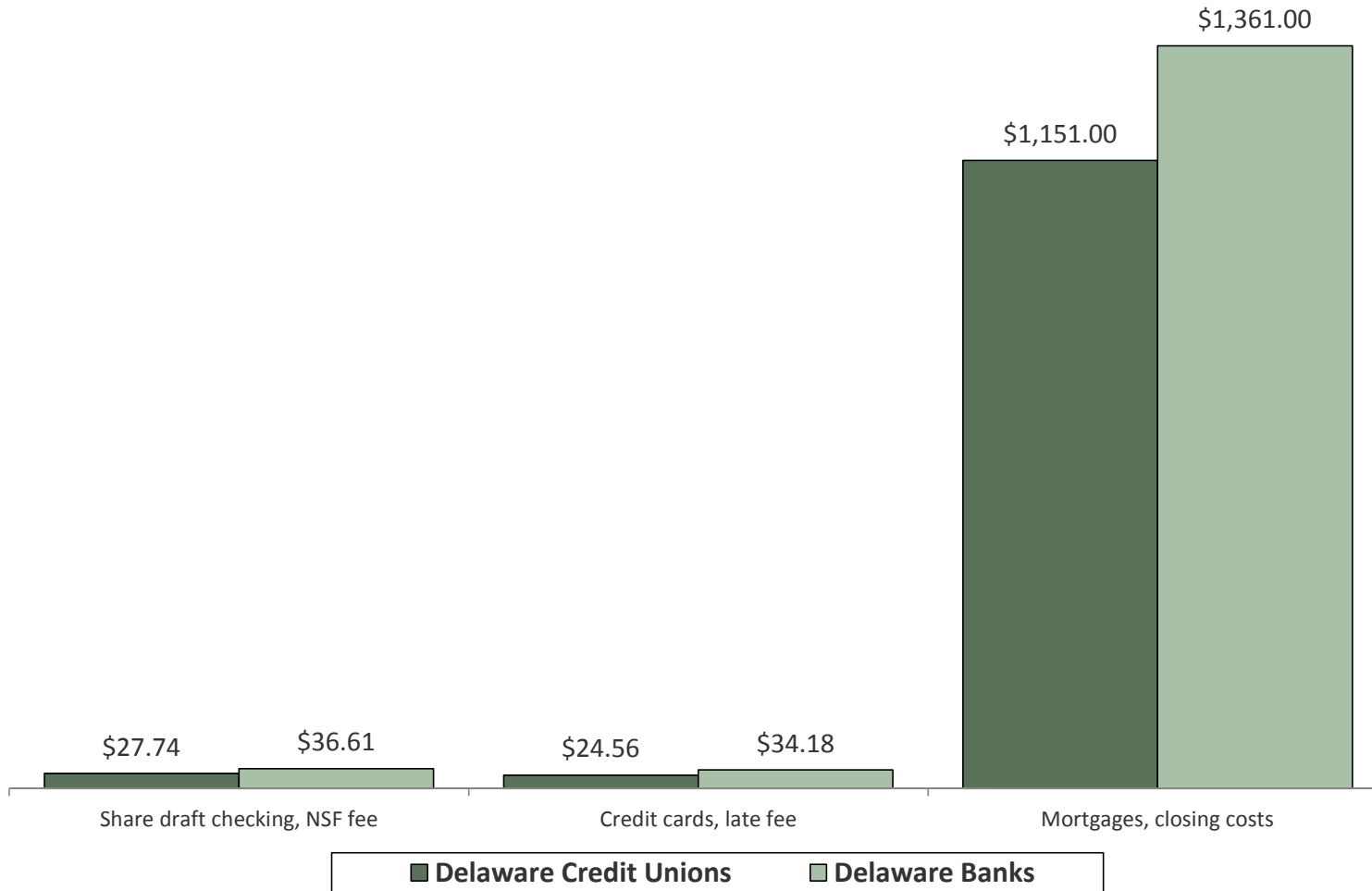


Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type

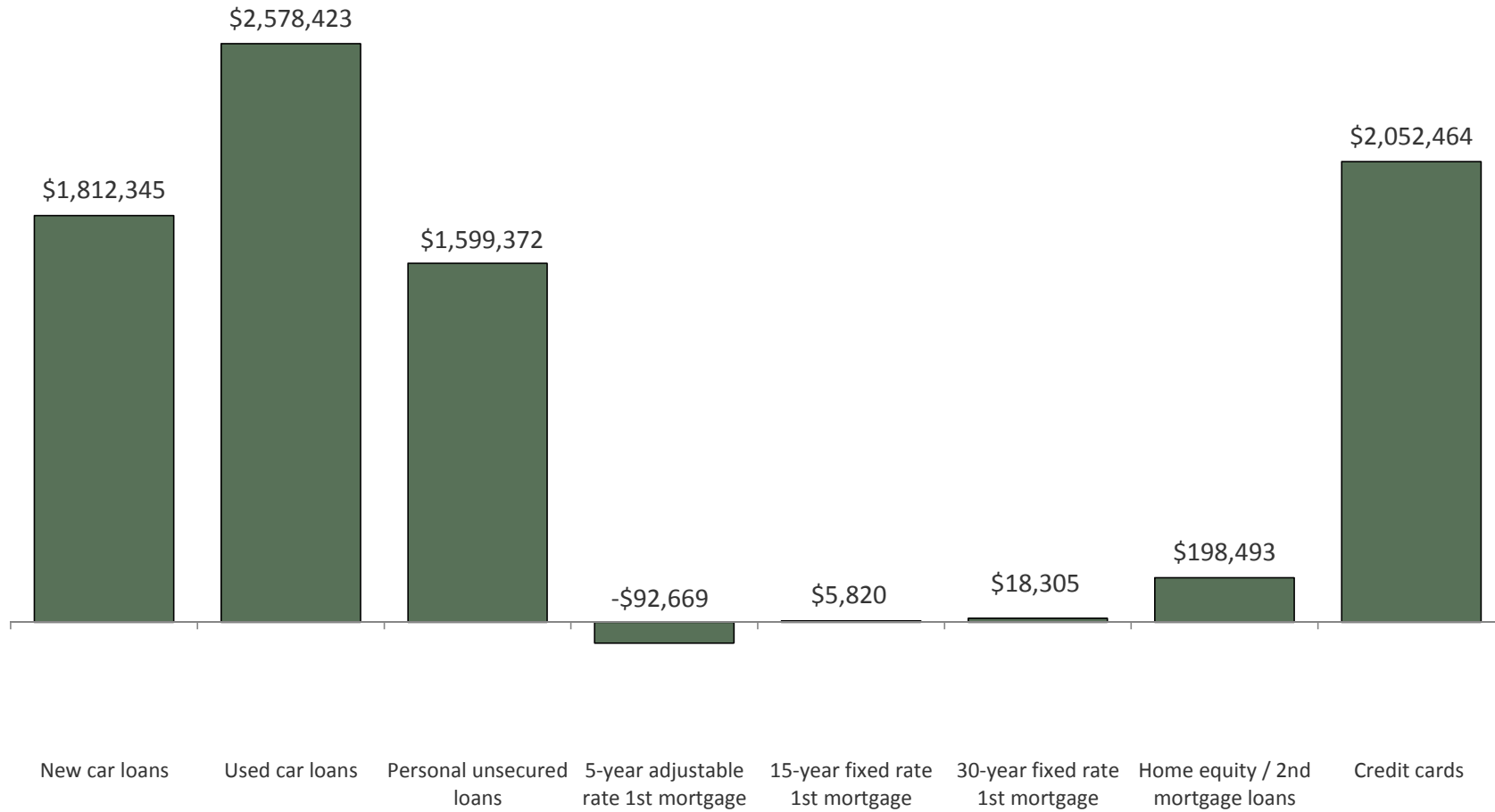


Delaware
Credit Union and Banking Institution
Mid-Year 2014 Average Interest Rates and Fees

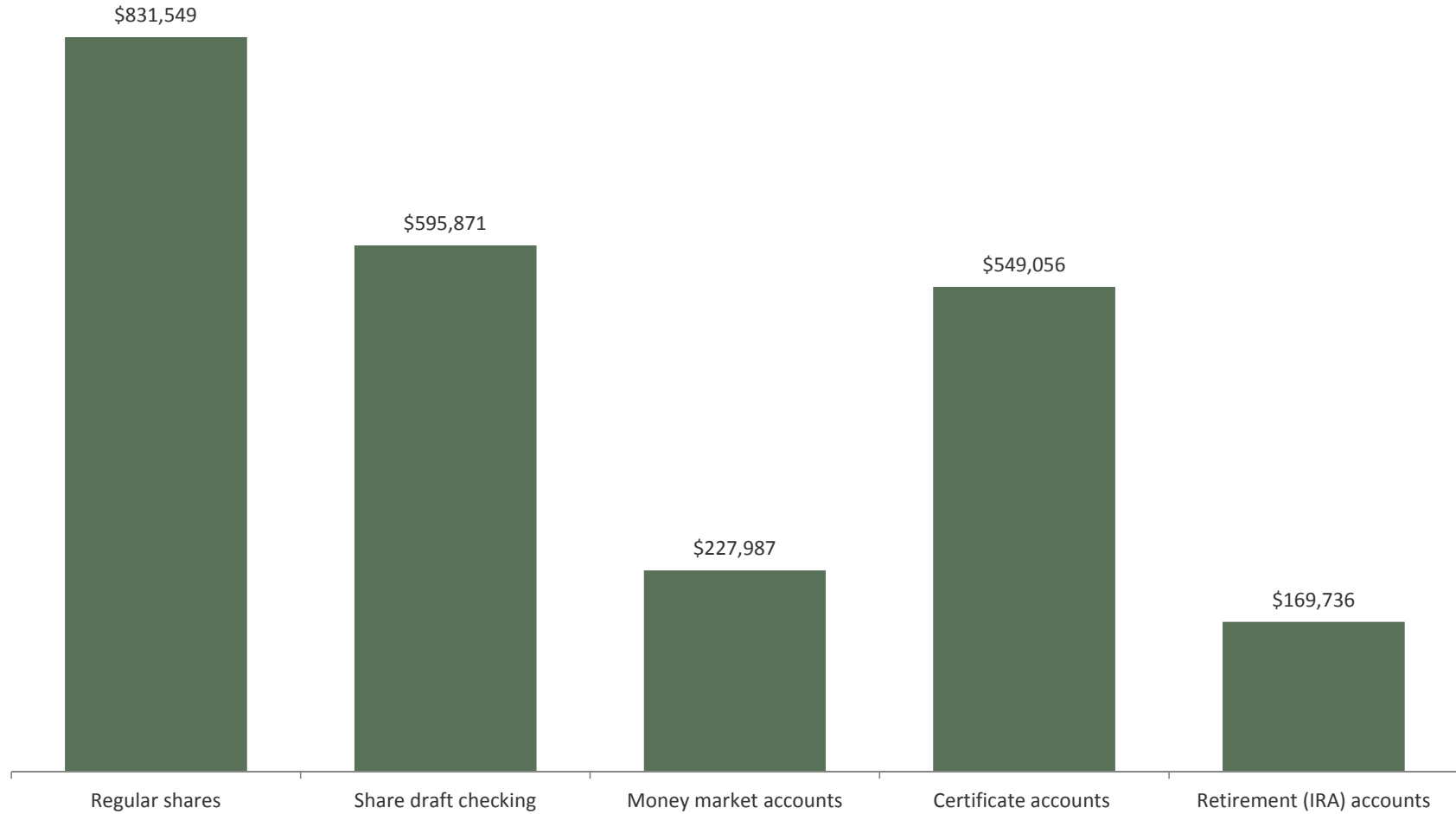
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	1.97	3.91	-1.94
48-month used car (A paper)	2.61	4.38	-1.77
Unsecured loan (A paper)	9.99	11.77	-1.78
5-year adjustable rate 1st mortgage, 0 pts	2.94	2.84	0.10
15-year fixed rate 1st mortgage, 0 pts	3.37	3.38	-0.01
30-year fixed rate 1st mortgage, 0 pts	4.11	4.12	-0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.25	4.38	-0.13
Credit card - classic	11.77	15.85	-4.08
Credit card - gold	10.56	11.25	-0.69
Savings Products			
Regular savings, \$1,000 balance	0.21	0.09	0.12
Share draft checking, \$5,000 balance	0.34	0.08	0.26
Money market accounts	0.17	0.10	0.07
1 Year certificate \$10,000 balance	0.45	0.31	0.14
Retirement (IRA) accounts	0.31	0.21	0.10
Fee Income			
Share draft checking, NSF fee	\$27.74	\$36.61	-\$8.87
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Informa Research Services

State Credit Unions' Total Loan Rate Benefits Compared to State Banking Institutions by Loan Type



State Credit Unions' Total Savings Dividend Benefits Compared to State Banking Institutions by Account Type



Estimated Financial Benefits for Delaware Credit Unions Mid-Year 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Delaware Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	93,419,828	-1.94	\$1,812,345
Used car loans	145,838,421	-1.77	\$2,578,423
Personal unsecured loans	90,105,480	-1.78	\$1,599,372
5-year adjustable rate 1st mortgage	94,560,488	0.10	-\$92,669
15-year fixed rate 1st mortgage	83,149,988	-0.01	\$5,820
30-year fixed rate 1st mortgage	107,678,325	-0.02	\$18,305
Home equity / 2nd mortgage loans	152,687,240	-0.13	\$198,493
Credit cards	63,494,648	-4.08	\$2,052,464
Interest rebates in period			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$8,172,555
 <u>Savings</u>			
Regular shares	699,218,060	0.12	\$831,549
Share draft checking	229,936,888	0.26	\$595,871
Money market accounts	340,608,274	0.07	\$227,987
Certificate accounts	386,390,263	0.14	\$549,056
Retirement (IRA) accounts	162,400,256	0.10	\$169,736
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$2,374,198
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$3,934,173
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$14,480,926
 Total CU member benefit / member:			\$66
Total CU member benefit / member household:			\$126

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2014 and June 2013, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

**Delaware
Performance Profile**

Demographic Information	Jun 14	Jun 13
Number of branches	66	59
Total assets (\$ mil)	2,072	2,007
Total loans (\$ mil)	900	806
Total surplus funds (\$ mil)	1,077	1,107
Total savings (\$ mil)	1,850	1,797
Total members (thousands)	222	209
Growth Rates (Trailing 12 months) *		
Total assets	1.2 %	3.7 %
Total loans	8.3 %	4.9 %
Total surplus funds	-4.0 %	2.8 %
Total savings	1.0 %	4.5 %
Total members	3.7 %	0.4 %
Earnings - Basis Pts. *		
Yield on total assets	320	311
Dividend/interest cost of assets	43	56
Fee & other income	122	114
Operating expense	315	300
Loss Provisions	33	42
Net Income (ROA) after stabilization exp	50	26
Capital adequacy		
Net worth / assets	10.4	10.0
Asset quality *		
Delinquencies / loans	1.6	2.0
Net chargeoffs / average loans	0.8	1.1
Total borrower-bankruptcies	8	8
Bankruptcies per 1000 members	0.9	1.0
Asset/Liability Management		
Loans / savings	48.6	44.9
Loans / assets	43.4	40.2
Long-term assets / assets	42.6	43.9
Core deposits/shares & borrowings	53.7	46.9
Productivity		
Members/potential members	9.9	8.7
Borrowers/members	40.1	41.9
Members/FTE	427	421
Average shares/members (\$)	8,317	8,586
Average loan balances (\$)	10,093	9,196
Salary & Benefits/FTE	55,447	52,877

* 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.