

The Benefits of Membership

Customized Analysis of Member Benefits For:

Maryland

September 2014

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Maryland

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high savings rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Maryland credit unions provided \$160,464,813 in direct financial benefits to the state's 1,759,031 members during the twelve months ending September 2014.

These benefits are equivalent to \$91 per member or \$173 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 \$142 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 savings 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.

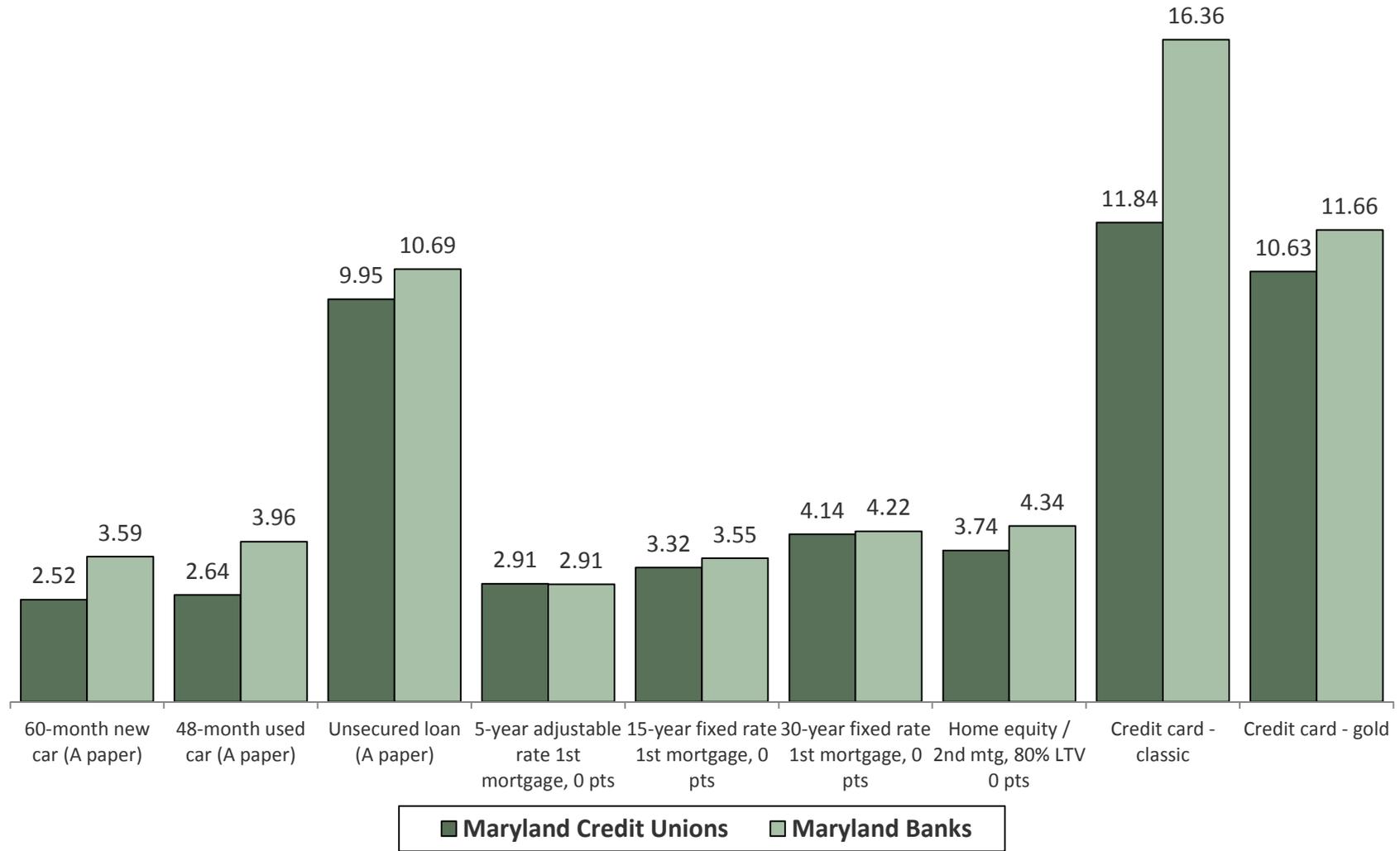
Maryland credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

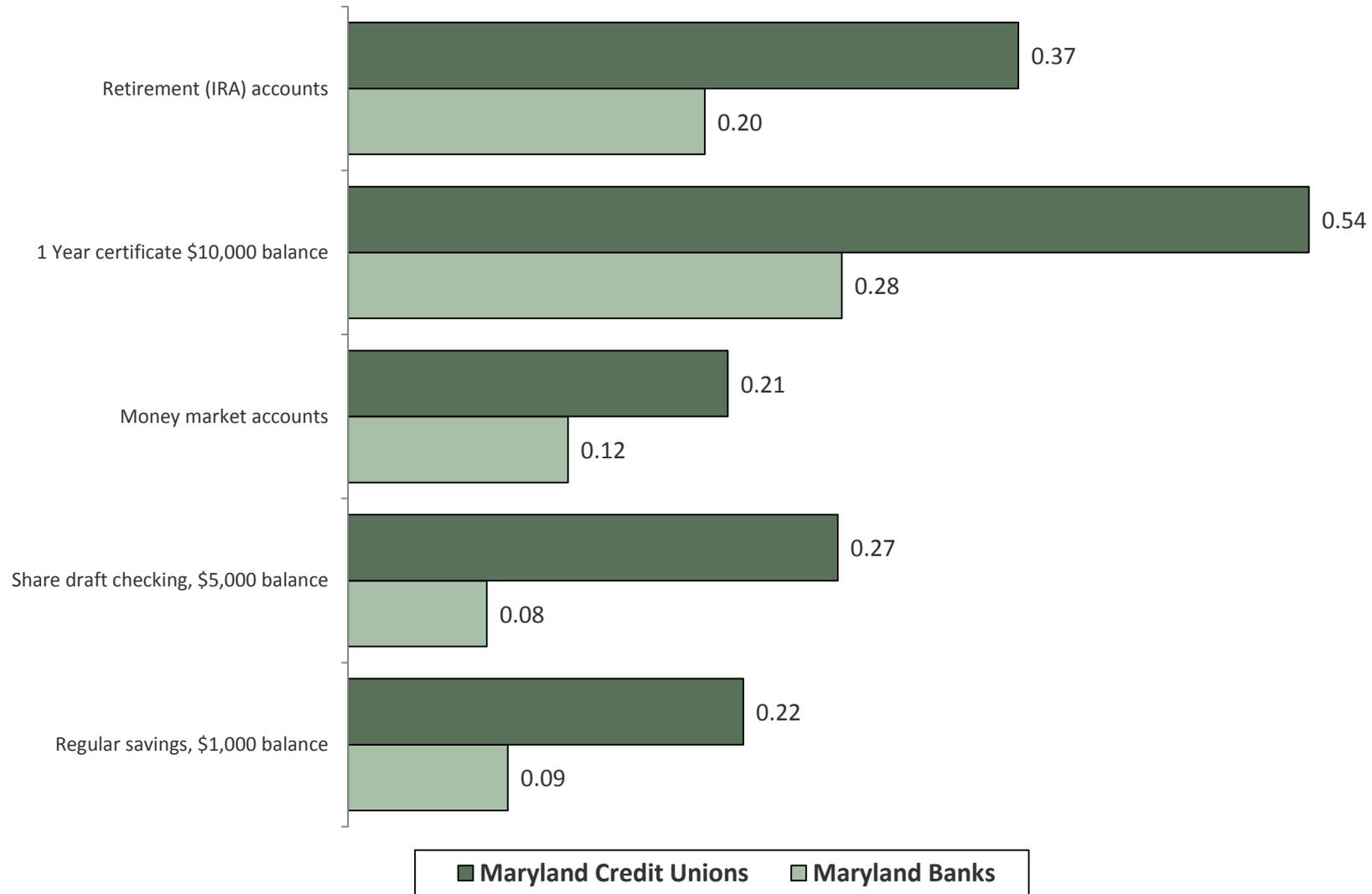
Loan Product Comparative Interest Rates (%)

By Loan Type



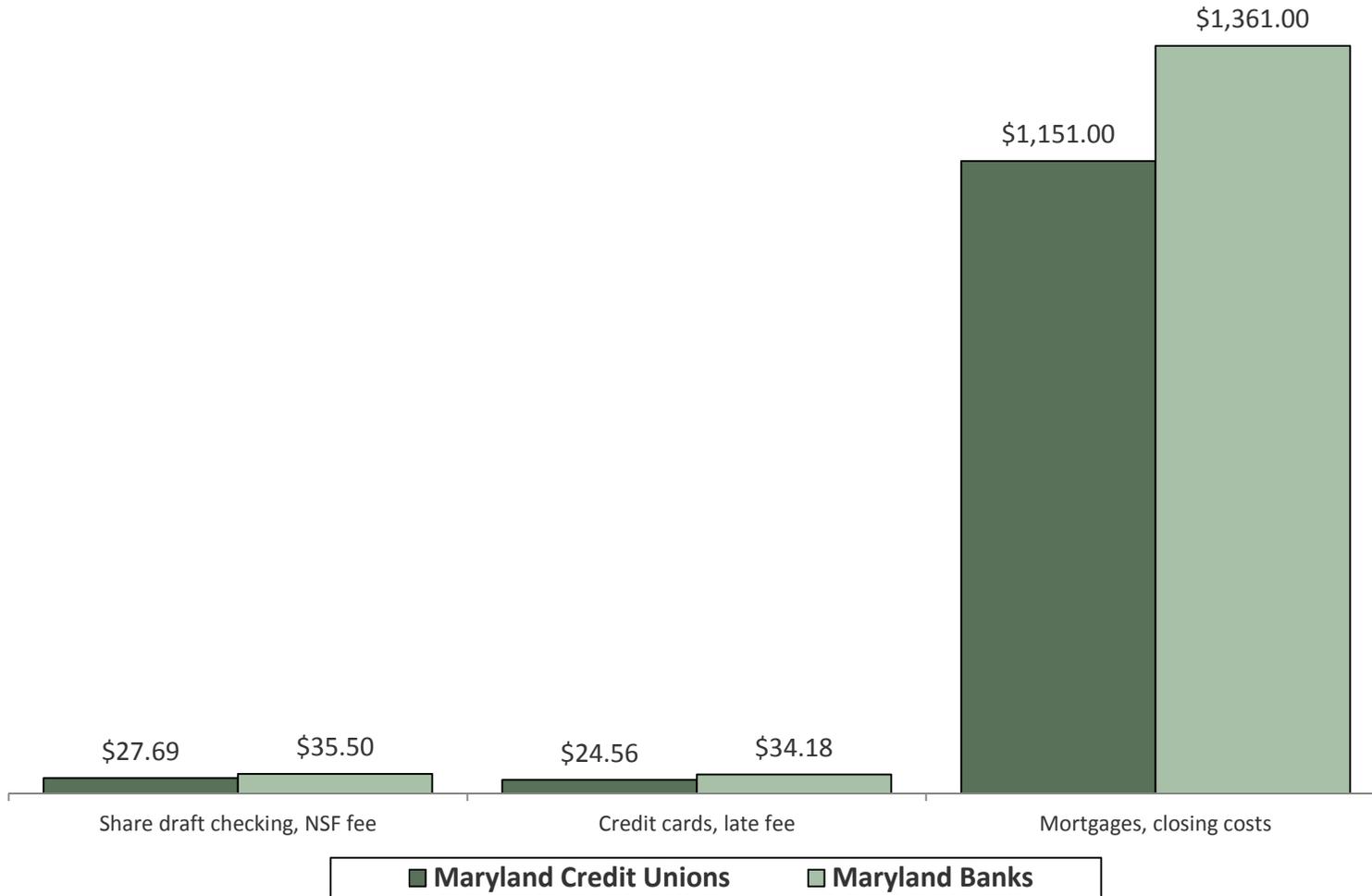
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type

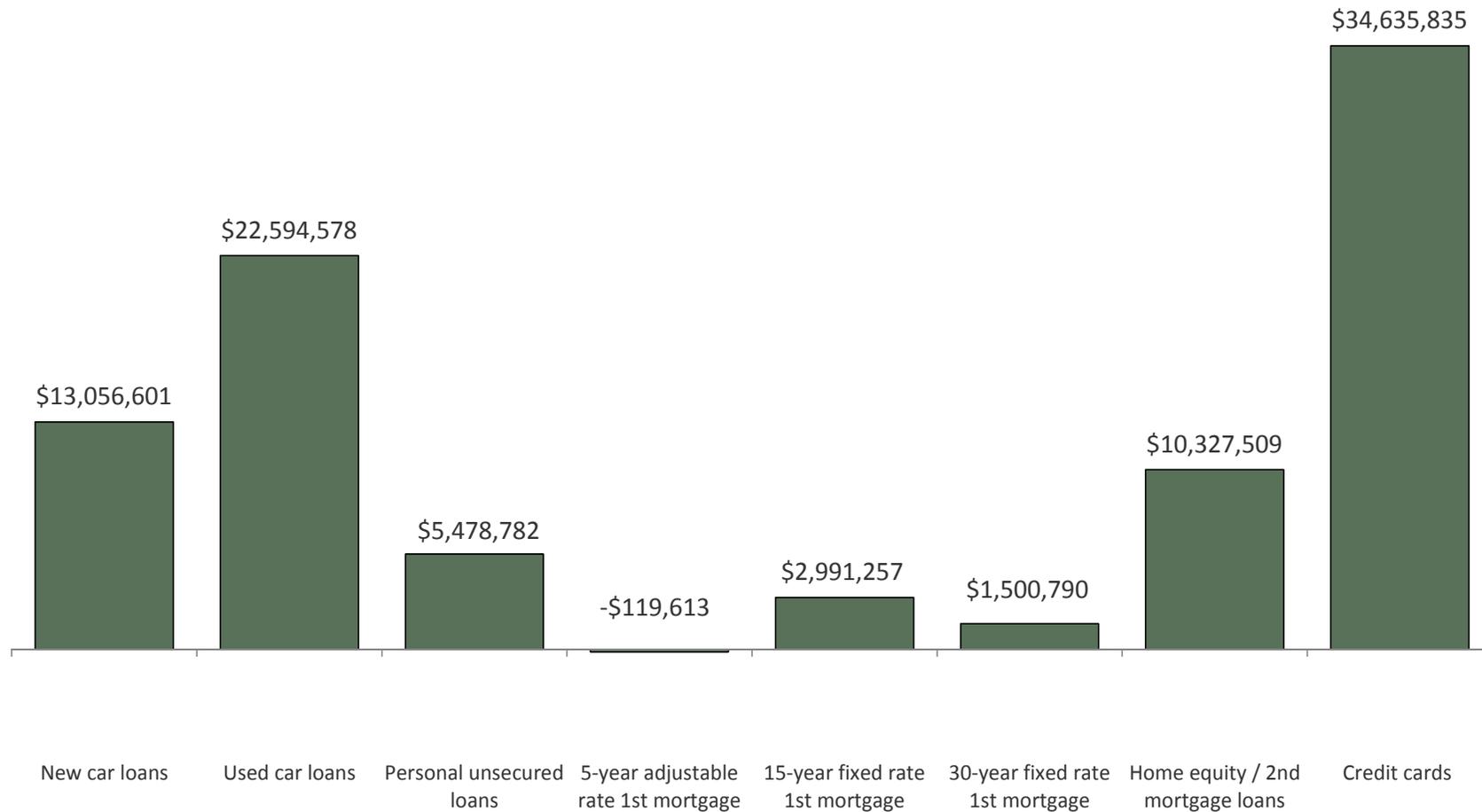


Maryland
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

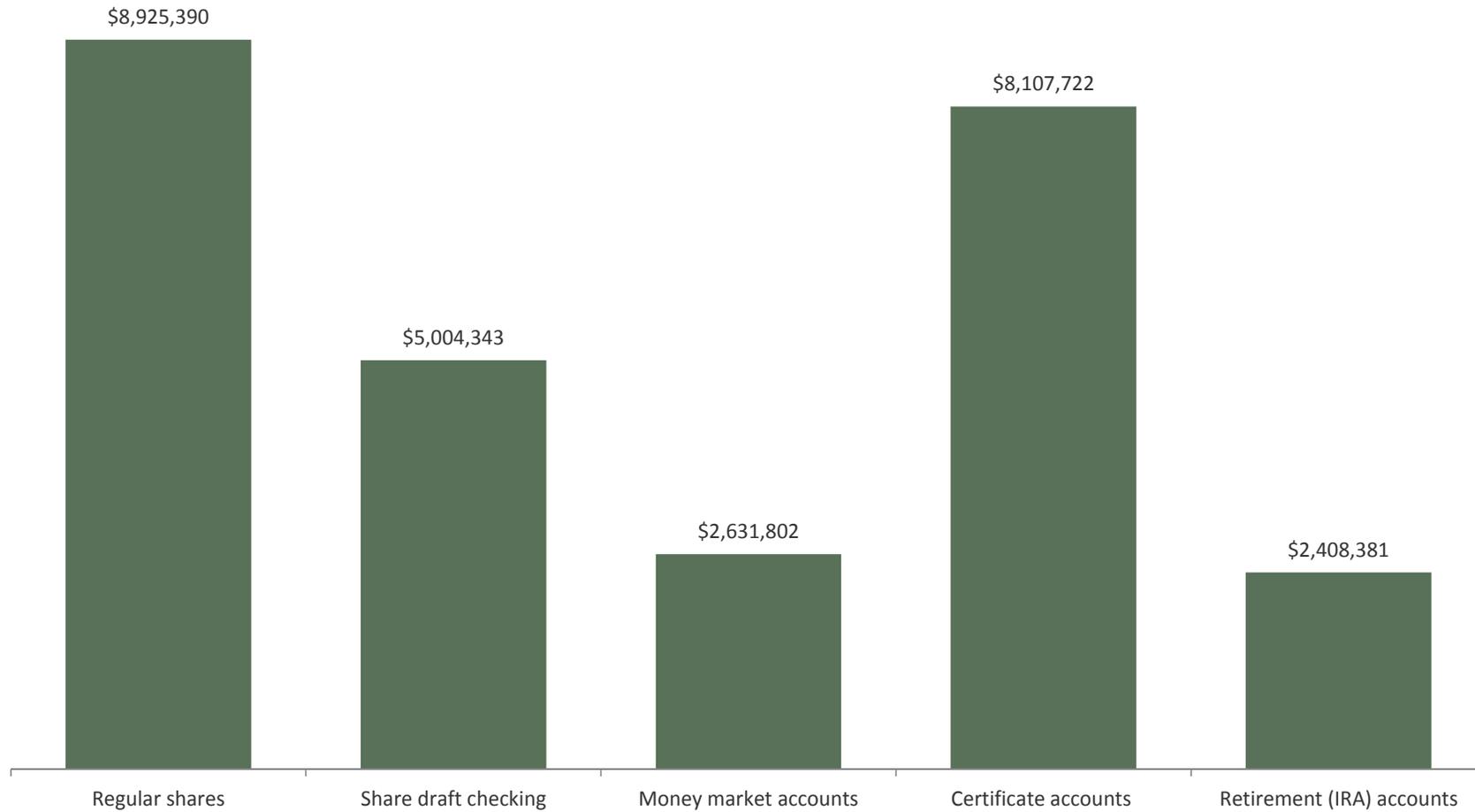
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.52	3.59	-1.06
48-month used car (A paper)	2.64	3.96	-1.32
Unsecured loan (A paper)	9.95	10.69	-0.74
5-year adjustable rate 1st mortgage, 0 pts	2.91	2.91	0.01
15-year fixed rate 1st mortgage, 0 pts	3.32	3.55	-0.23
30-year fixed rate 1st mortgage, 0 pts	4.14	4.22	-0.08
Home equity / 2nd mtg, 80% LTV 0 pts	3.74	4.34	-0.60
Credit card - classic	11.84	16.36	-4.52
Credit card - gold	10.63	11.66	-1.03
Savings Products			
Regular savings, \$1,000 balance	0.22	0.09	0.13
Share draft checking, \$5,000 balance	0.27	0.08	0.20
Money market accounts	0.21	0.12	0.09
1 Year certificate \$10,000 balance	0.54	0.28	0.26
Retirement (IRA) accounts	0.37	0.20	0.18
Fee Income			
Share draft checking, NSF fee	\$27.69	\$35.50	-\$7.81
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 Maryland Credit Unions September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Maryland Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,230,593,867	-1.06	\$13,056,601
Used car loans	1,710,414,660	-1.32	\$22,594,578
Personal unsecured loans	738,380,364	-0.74	\$5,478,782
5-year adjustable rate 1st mortgage	1,495,162,714	0.01	-\$119,613
15-year fixed rate 1st mortgage	1,300,546,356	-0.23	\$2,991,257
30-year fixed rate 1st mortgage	1,949,078,102	-0.08	\$1,500,790
Home equity / 2nd mortgage loans	1,718,387,564	-0.60	\$10,327,509
Credit cards	949,577,380	-4.52	\$34,635,835
Interest rebates in period			\$729
Total CU member benefits arising from lower interest rates on loan products:			\$90,466,468
 <u>Savings</u>			
Regular shares	6,793,519,056	0.13	\$8,925,390
Share draft checking	2,551,472,121	0.20	\$5,004,343
Money market accounts	2,946,593,470	0.09	\$2,631,802
Certificate accounts	3,107,994,816	0.26	\$8,107,722
Retirement (IRA) accounts	1,375,496,975	0.18	\$2,408,381
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$27,077,639
 <u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$42,920,706
 Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$160,464,813
 Total CU member benefit / member:			\$91
Total CU member benefit / member household:			\$173

Source: Informa Research Services, NCUA, and CUNA

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

**Maryland
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	308	313
Total assets (\$ mil)	20,150	20,362
Total loans (\$ mil)	11,750	11,378
Total surplus funds (\$ mil)	7,670	8,255
Total savings (\$ mil)	17,387	17,533
Total members (thousands)	1,772	1,774
Growth Rates (Trailing 12 months) *		
Total assets	1.4 %	3.1 %
Total loans	5.3 %	4.3 %
Total surplus funds	-4.3 %	1.0 %
Total savings	1.7 %	2.7 %
Total members	1.5 %	1.8 %
Earnings - Basis Pts. *		
Yield on total assets	323	325
Dividend / interest cost of assets	42	51
Fee & other income	119	137
Operating expense	322	328
Loss Provisions	27	29
Net Income (ROA) after stabilization exp	52	53
Capital adequacy		
Net worth / assets	11.2	10.8
Asset quality *		
Delinquencies / loans	1.1	1.1
Net chargeoffs / average loans	0.5	0.6
Total borrower-bankruptcies	23	28
Bankruptcies per 1000 members	1.3	1.6
Asset/Liability Management		
Loans / savings	67.6	64.9
Loans / assets	58.3	55.9
Long-term assets / assets	34.0	36.0
Core deposits/shares & borrowings	54.5	52.1
Productivity		
Members / potential members	9.9	10.3
Borrowers / members	49.9	48.5
Members / FTE	412	406
Average shares / members (\$)	9,812	9,885
Average loan balances (\$)	13,301	13,236
Salary & Benefits / FTE	73,772	74,853

* 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.