

The Benefits of Membership

Customized Analysis of Member Benefits For:

Delaware

June 2010

Prepared by:

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



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 \$21,987,820 in direct financial benefits to the state's 214,639 members during the twelve months ending June 2010.

These benefits are equivalent to \$102 per member or \$195 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 \$353 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-adjustable rate, home equity loans, credit cards loans.

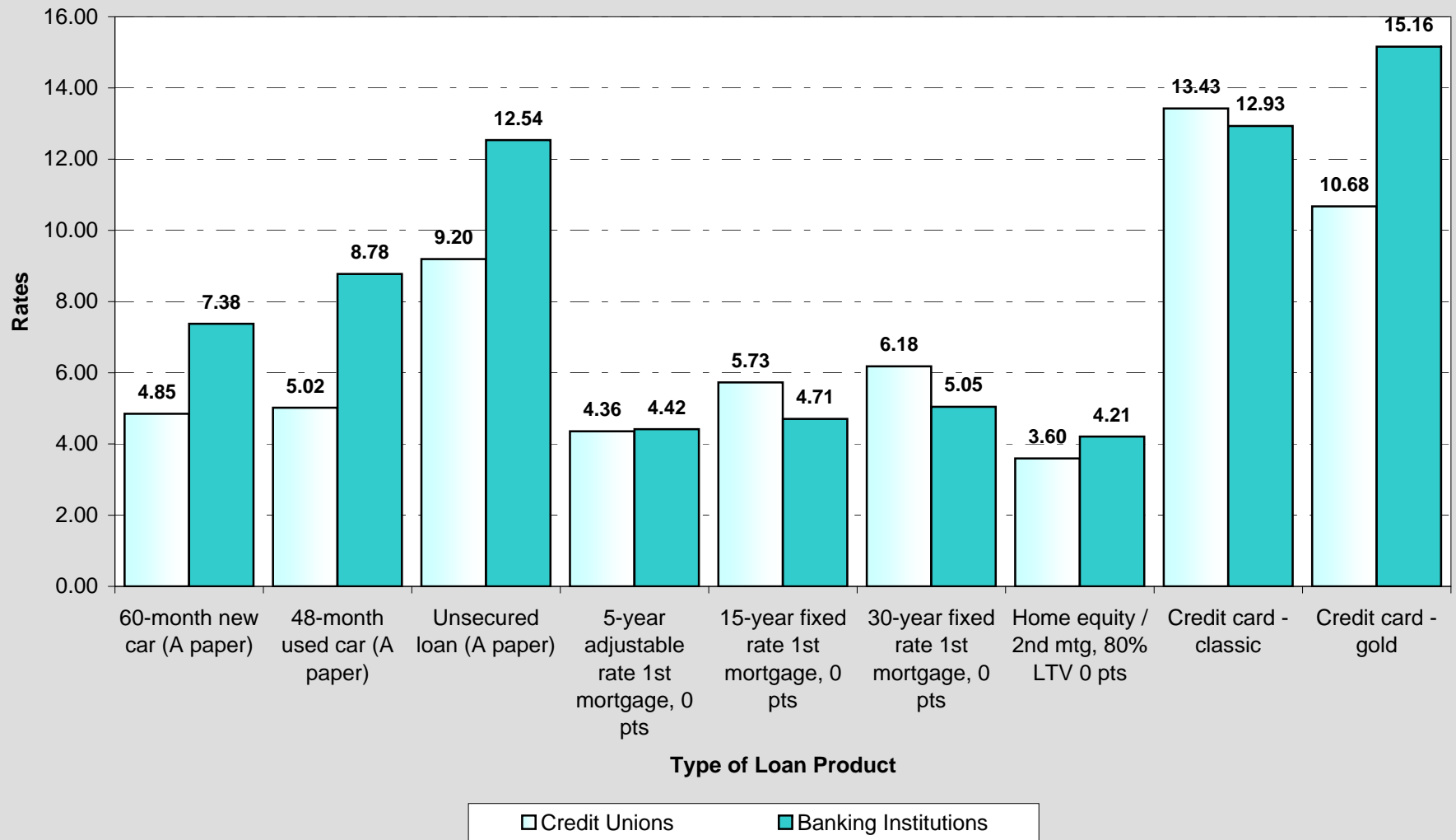
Delaware credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



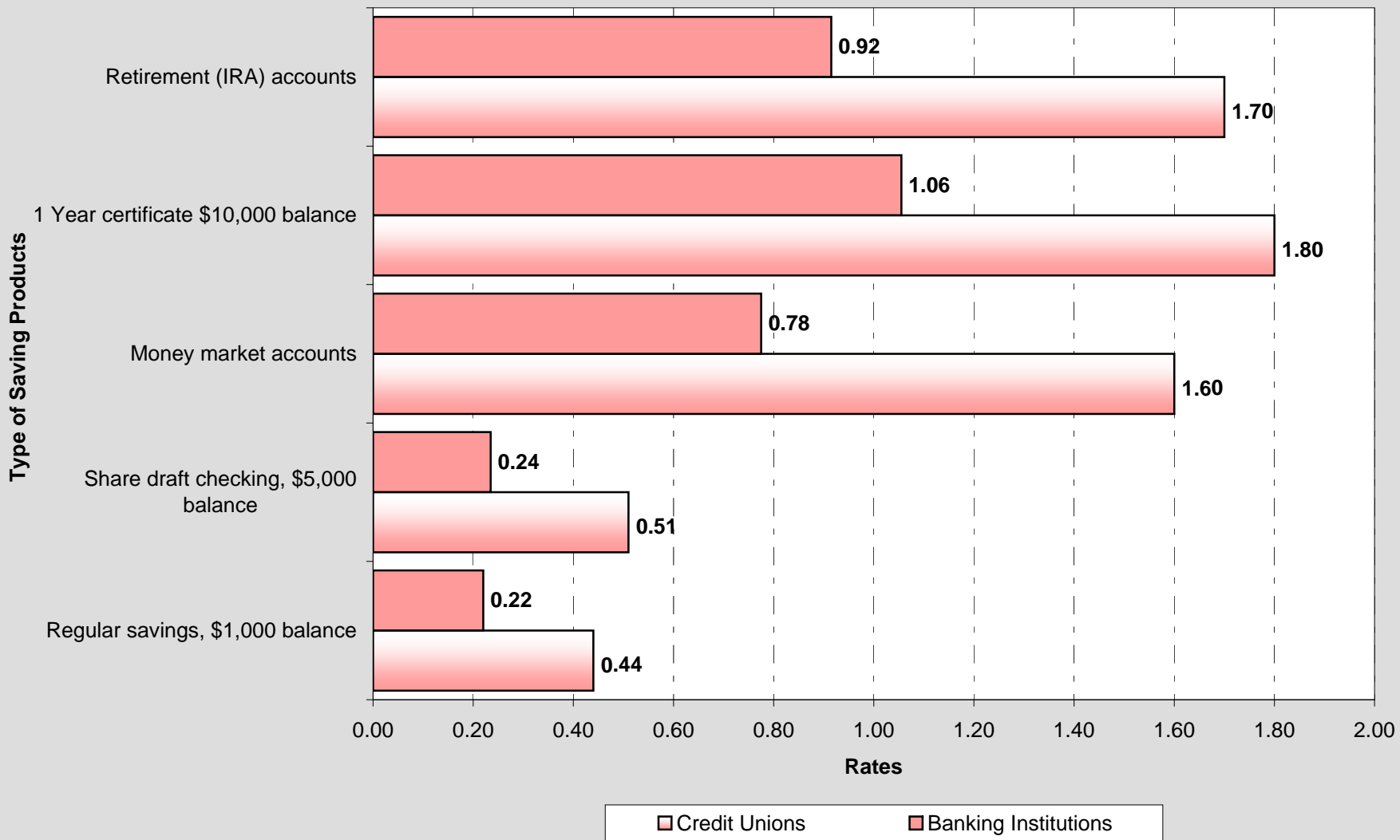
Source: Datatrac, NCUA, and CUNA.

(1) Assumes 1.9 credit union members per household.

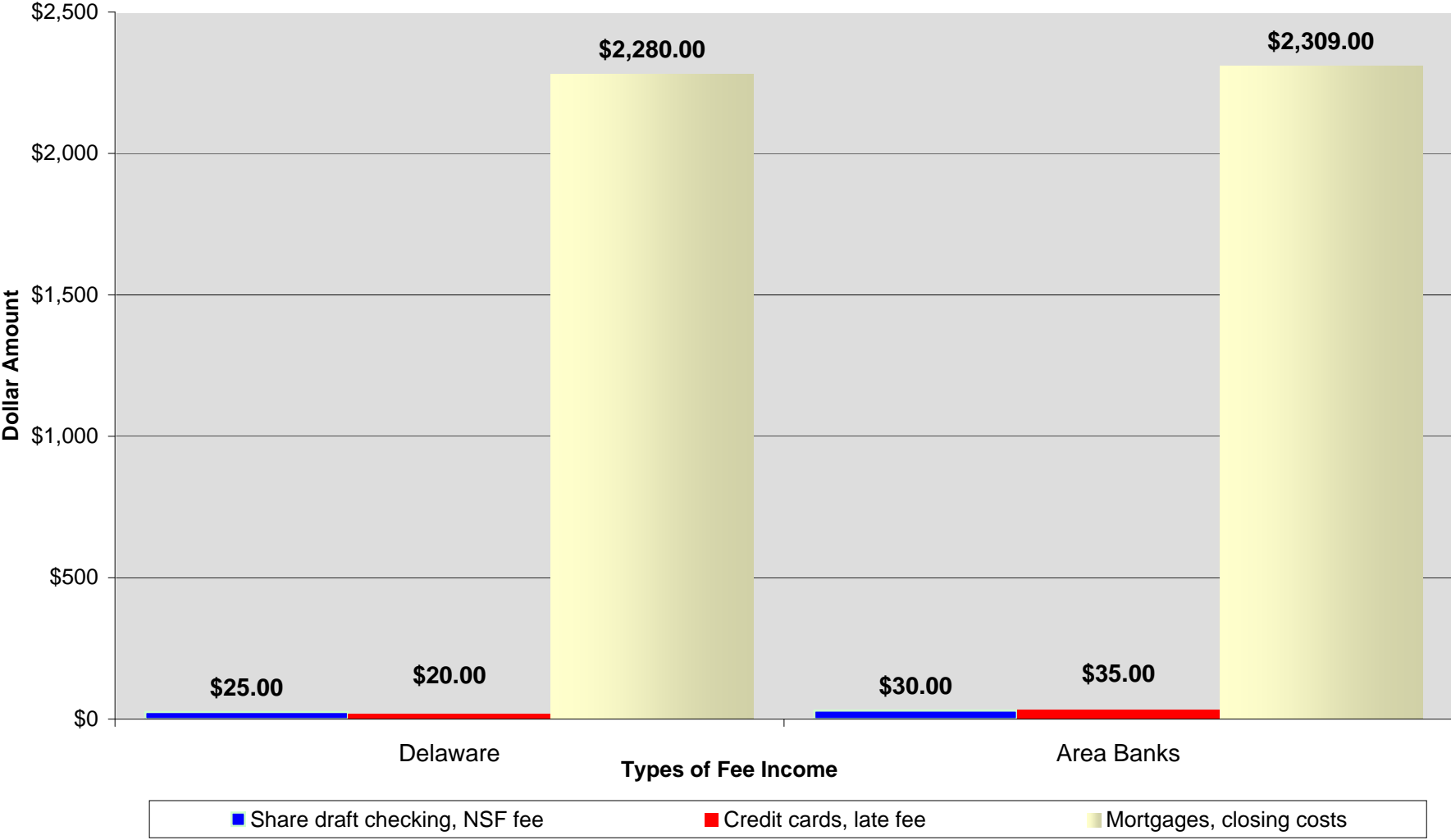
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



Selected Mid-Year 2010 Credit Union Fees compared to Banking Institutions

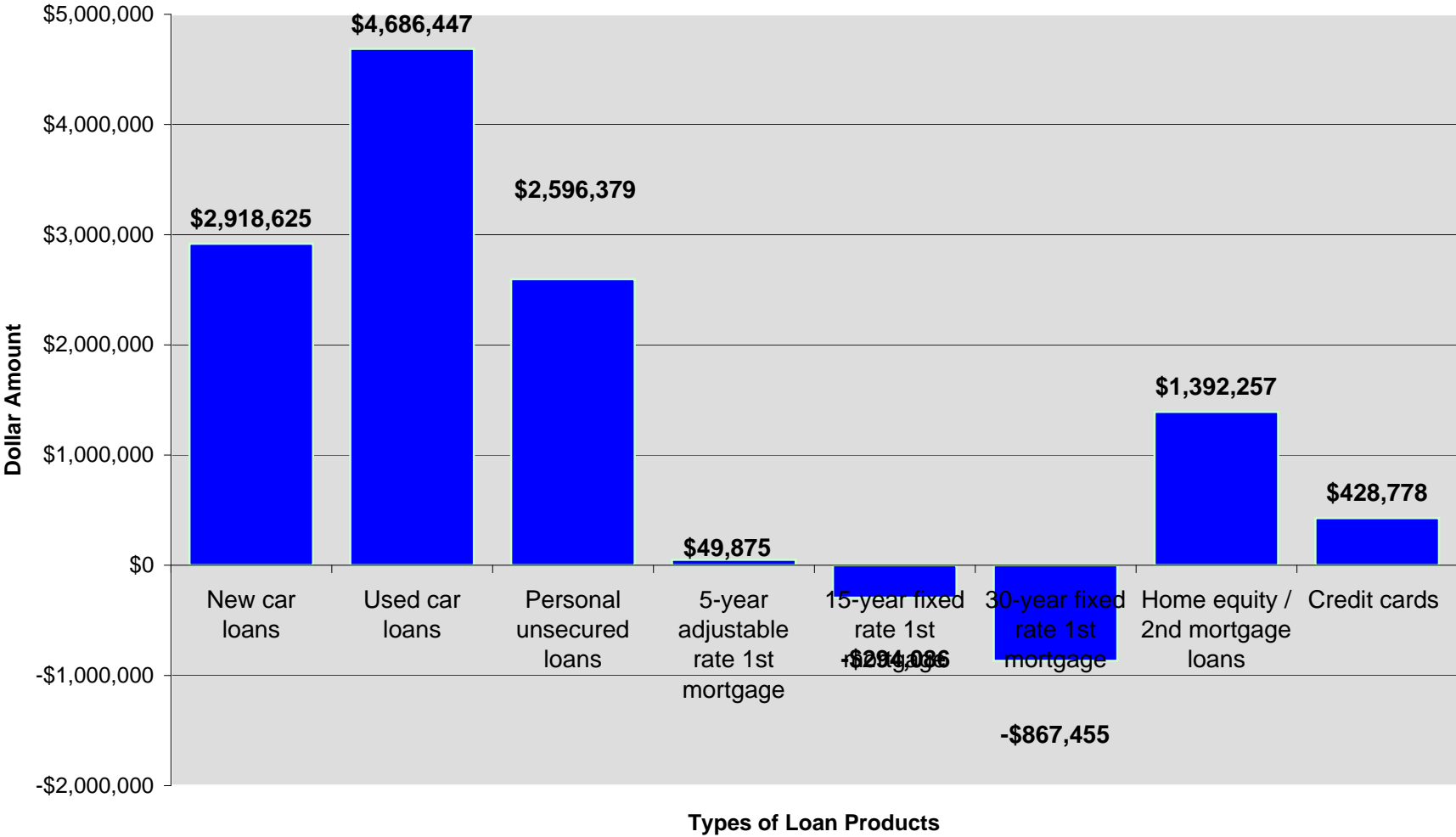


Delaware
Credit Union and Banking Institution
Mid-Year 2010 Average Interest Rates and Fees

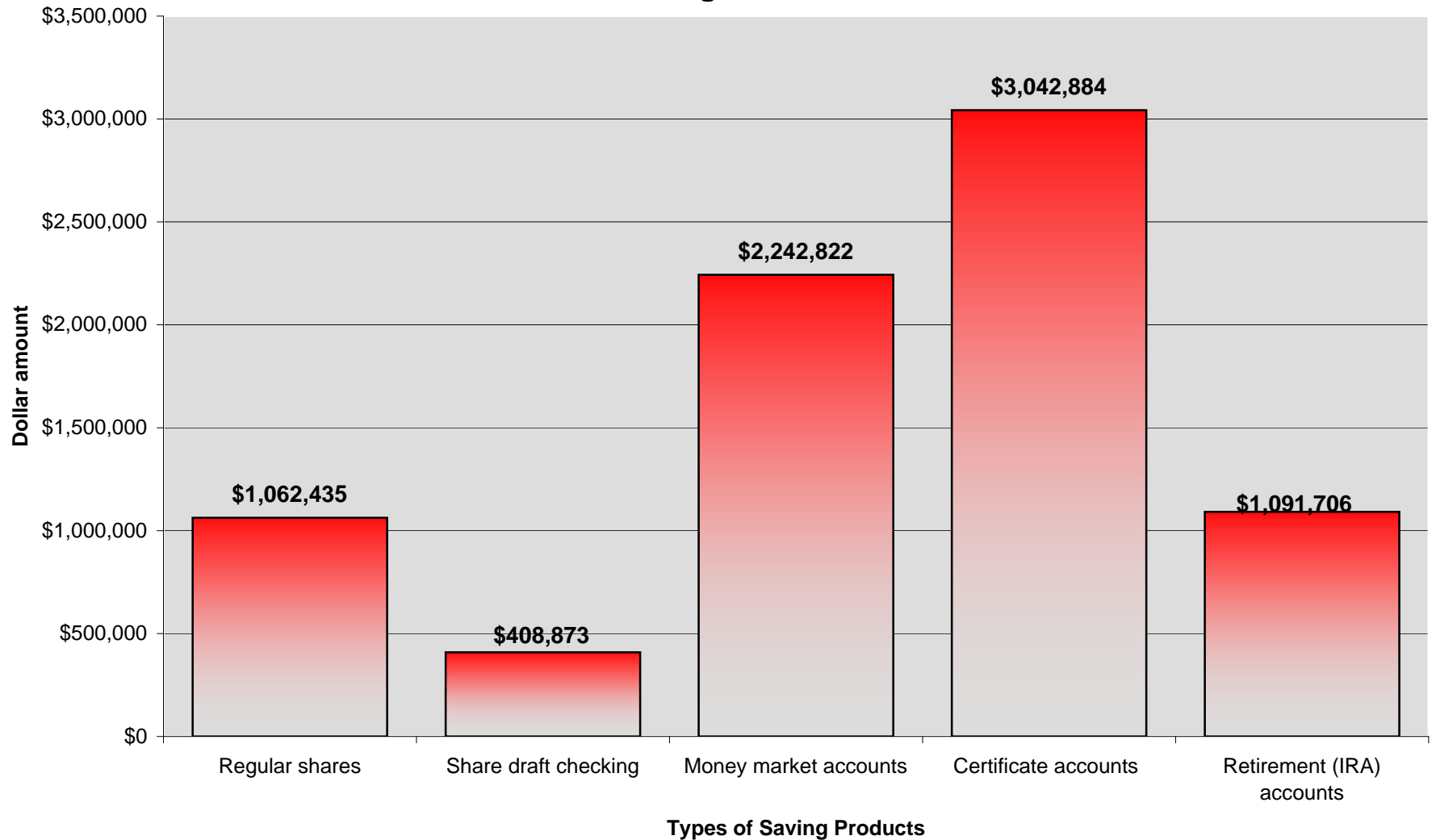
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.85	7.38	-2.53
48-month used car (A paper)	5.02	8.78	-3.76
Unsecured loan (A paper)	9.20	12.54	-3.34
5-year adjustable rate 1st mortgage, 0 pts	4.36	4.42	-0.06
15-year fixed rate 1st mortgage, 0 pts	5.73	4.71	1.03
30-year fixed rate 1st mortgage, 0 pts	6.18	5.05	1.14
Home equity / 2nd mtg, 80% LTV 0 pts	3.60	4.21	-0.62
Credit card - classic	13.43	12.93	0.50
Credit card - gold	10.68	15.16	-4.49
Savings Products			
Regular savings, \$1,000 balance	0.44	0.22	0.22
Share draft checking, \$5,000 balance	0.51	0.24	0.28
Money market accounts	1.60	0.78	0.83
1 Year certificate \$10,000 balance	1.80	1.06	0.75
Retirement (IRA) accounts	1.70	0.92	0.79
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 Credit Union Loan Rate Benefits vs. Banking Institutions



Estimated Credit Union Savings Dividend Benefits vs. Banking Institutions



Estimated Delaware Credit Unions Financial Benefits Mid-Year 2010

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Delaware Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	115,589,090	-2.53	\$2,918,625
Used car loans	124,805,512	-3.76	\$4,686,447
Personal unsecured loans	77,735,888	-3.34	\$2,596,379
5-year adjustable rate 1st mortgage	83,124,394	-0.06	\$49,875
15-year fixed rate 1st mortgage	28,691,308	1.03	-\$294,086
30-year fixed rate 1st mortgage	76,427,746	1.14	-\$867,455
Home equity / 2nd mortgage loans	226,383,288	-0.62	\$1,392,257
Credit cards	57,170,368	0.50	\$428,778
Interest rebates in period			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$10,910,819
 <u>Savings</u>			
Regular shares	482,924,912	0.22	\$1,062,435
Share draft checking	148,681,069	0.28	\$408,873
Money market accounts	271,857,264	0.83	\$2,242,822
Certificate accounts	408,440,756	0.75	\$3,042,884
Retirement (IRA) accounts	139,070,864	0.79	\$1,091,706
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$7,848,720
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$3,228,281
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$21,987,820
 Total CU member benefit / member:			\$102
Total CU member benefit / member household:			\$195

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2007 and year-end 2008, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

**Delaware
Performance Profile**

Demographic Information	Jun-10	Jun-09
Number of branches	61	62
Total assets (\$ mil)	1,771	1,562
Total loans (\$ mil)	801	806
Total surplus funds (\$ mil)	888	684
Total savings (\$ mil)	1,571	1,374
Total members (thousands)	215	215
Growth Rates (Year-to-date)		
Total assets	5.5 %	8.6 %
Total loans	-1.7 %	-0.5 %
Total surplus funds	13.0 %	22.6 %
Total savings	5.7 %	10.0 %
Total members	-0.4 %	1.5 %
Earnings - Basis Pts.		
Yield on total assets	446	518
Dividend/interest cost of assets	130	167
Fee & other income *	116	215
Operating expense	318	366
Loss Provisions	61	81
Net Income (ROA) after stabilization exp *	29	120
Capital adequacy		
Net worth / assets	10.3	11.5
Asset quality		
Delinquencies / loans	3.0	2.9
Net chargeoffs / average loans	1.4	1.2
Total borrower-bankruptcies	4	7
Bankruptcies per 1000 members	0.5	0.9
Asset/Liability Management		
Loans / savings	51.0	58.7
Loans / assets	45.2	51.6
Long-term assets / assets	34.5	36.1
Core deposits/shares & borrowings	41.5	44.5
Productivity		
Members/potential members	9.0	10.9
Borrowers/members	34.6	36.1
Members/FTE	417	407
Average shares/members (\$)	7,309	6,400
Average loan balances (\$)	10,764	10,415
Salary & Benefits/FTE	49,463	48,137