

Members Look to CUs for Savings Products

MCUL Economics and Research

At the end of 2007, personal saving as a percentage of disposable income was approximately two percent. As of April, the personal saving rate was seen at nearly five percent. Economists and policy makers have watched this number increase despite an extremely loose monetary policy designed to encourage consumption.

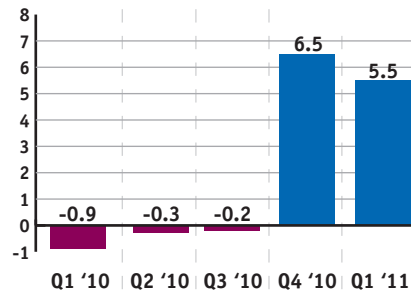
As the debate continues around prolonging the nation's loose monetary policy, regional Federal Reserve Bank president, Tom Hoenig, who was on the Open Market Committee leading up to the 2007 recession, believes he and other key policymakers at the Federal Reserve erred in keeping rates low for so long. He also sees the increase in savings as a long-term solution to economic woes:

"We've created a generation of instant gratification. Our savings rate, which was running at eight percent for years, fell to two percent. If you look at countries, those that stay great, they have reasonable savings rates. They don't consume everything, but save for the future."

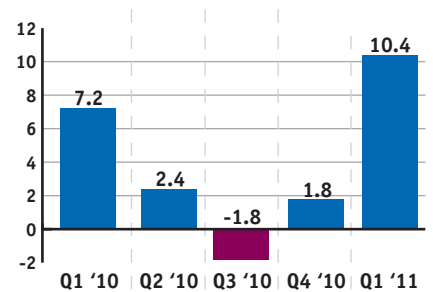
Credit union members are saving for the future and credit unions create a safe environment for members to do so. Total credit union member deposits in Michigan grew nearly four percent in the first quarter of 2011, bringing total deposit growth at Michigan credit unions to approximately 28 percent since the end of 2007

More members are choosing short-term money market accounts over long-term share certificates. For the three-year period ending March 31, money market balances as a percentage of total deposits have increased about 8% while share certificates have dropped about 9%. □

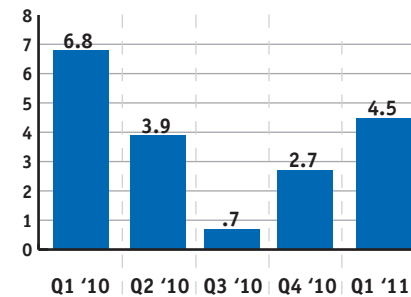
Share Draft (\$) Growth (%)



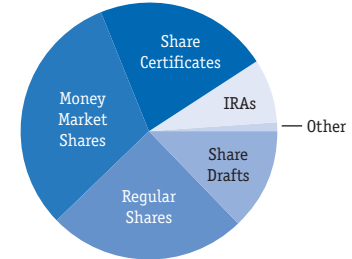
Regular Shares (\$) Growth (%)



Money Market (\$) Growth (%)



Composition of Deposits (%)



As of the first quarter of 2011.

By the Numbers as of First Quarter 2011

37,690

New members added by 128 credit unions

4.10%

Increase in new car loans by 60 credit unions

3.71%

Increase in used car loans by 118 credit unions

Preliminary data based on Callahan and Associates.

Key Performance Measures (%)

	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11
Capital Adequacy					
Net Worth	10.75	10.64	10.78	10.72	10.56
Earnings					
Return on Average Assets*	0.31	0.27	0.32	0.34	0.70
Cost of Funds/Average Assets*	1.18	1.11	1.08	1.06	0.79
Other Ratios					
Membership Growth	0	0.40	0.80	-0.40	.01
Total Loan Growth	-1.20	.30	1.10	-0.30	-1.60
Total Shares & Deposit Growth	3.00	1.50	-0.30	1.60	3.90
Loans/Shares	68.46	67.70	68.68	67.36	63.78
Asset Quality					
Delinquent Loans/Total Loans	1.82	1.78	1.80	1.75	1.60
Net Charge-offs/Average Loans*	1.17	1.13	1.17	1.19	0.92

* Annualized