

The Benefits of Membership

National

June 2008

Prepared by:

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



About Your Membership Benefits Report

The Membership Benefits report communicates the value of membership to members. The report compares your credit union's dividend rates, loan rates, and fees to those of banking institutions nationally¹. It combines those comparisons with credit union's call report data to develop an overall estimate of the annual financial benefits to credit union members.

It is important to remember that the report gives a *conservative* estimate of benefits. For example, it does not consider non-financial benefits such as access to a large ATM network, financial counseling, or auto buying services. The report will communicate credit union's proposition to staff, members, potential members, community leaders, and policy makers.

When interpreting the report, remember that any benefit above \$0 means credit union's are delivering financial benefits compared to the average banking institution.

The report measures benefits at one distinct point in time. Operational and strategic decisions – building a new branch, expanding your field of membership, introducing a new product – will undoubtedly be reflected credit union pricing decisions (and estimated benefit levels).

Finally, the report compares rates and fees to banking institutions on a national level.

¹ The source for banking institution interest rate and fee data is Datatrac. Datatrac is the nation's leading rate survey firm and tracks interest rates at over 15,000 institutions nationally.

The Benefits of Credit Union Membership

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

The Credit Union National Association (CUNA) estimates that credit unions provided \$7,890,267,139 in direct financial benefits to the nation's 88,105,469 members during the twelve months ending June 2008.

These benefits are equivalent to \$90 per member or \$170 per member household ⁽¹⁾.

Credit union per-member and per-household benefits 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 credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at credit unions will save members an average \$194 per year in interest expense compared to what they would pay at a banking institution. That's approximately \$1,000 in savings over five years.

Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

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

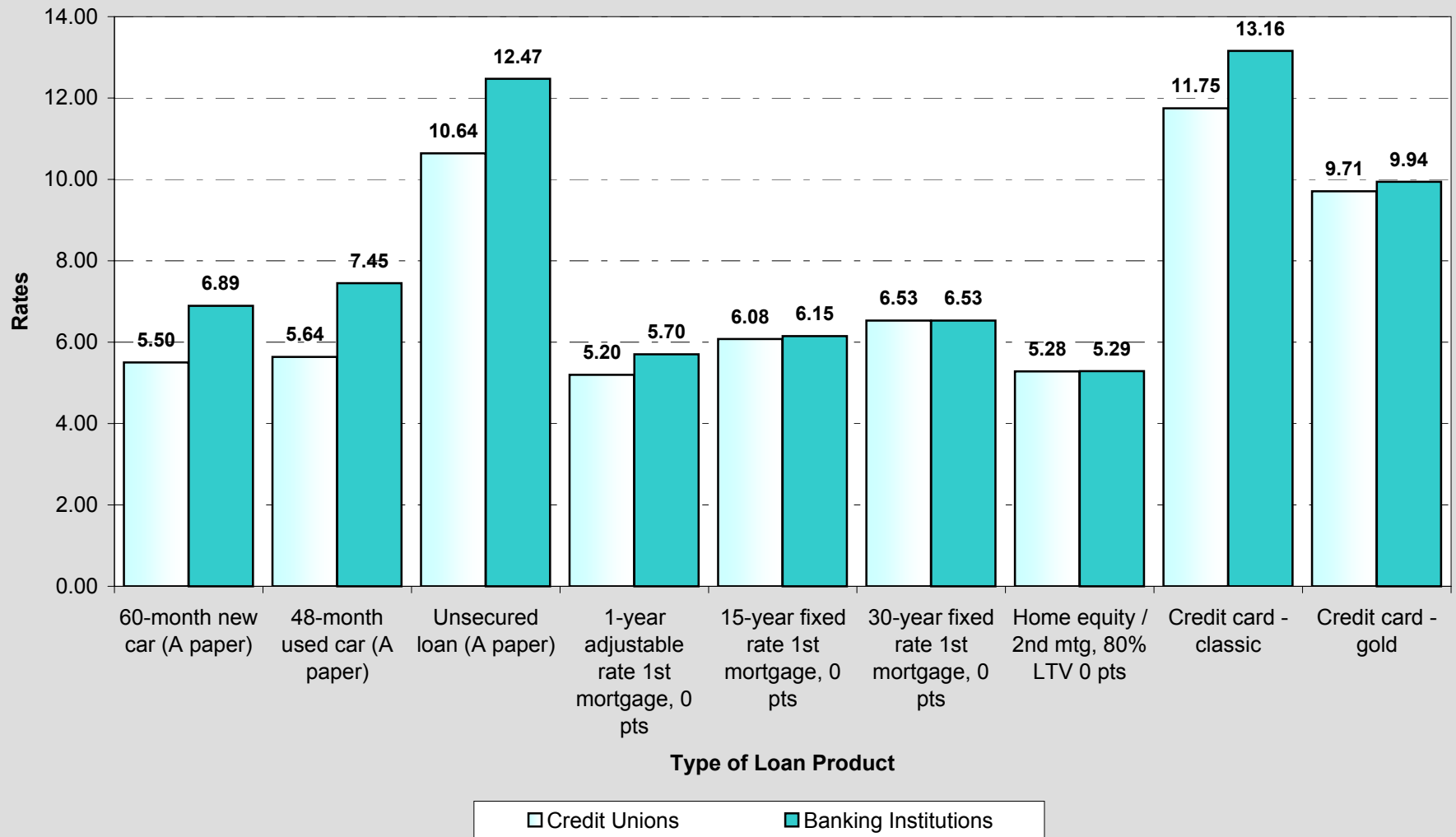
Credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



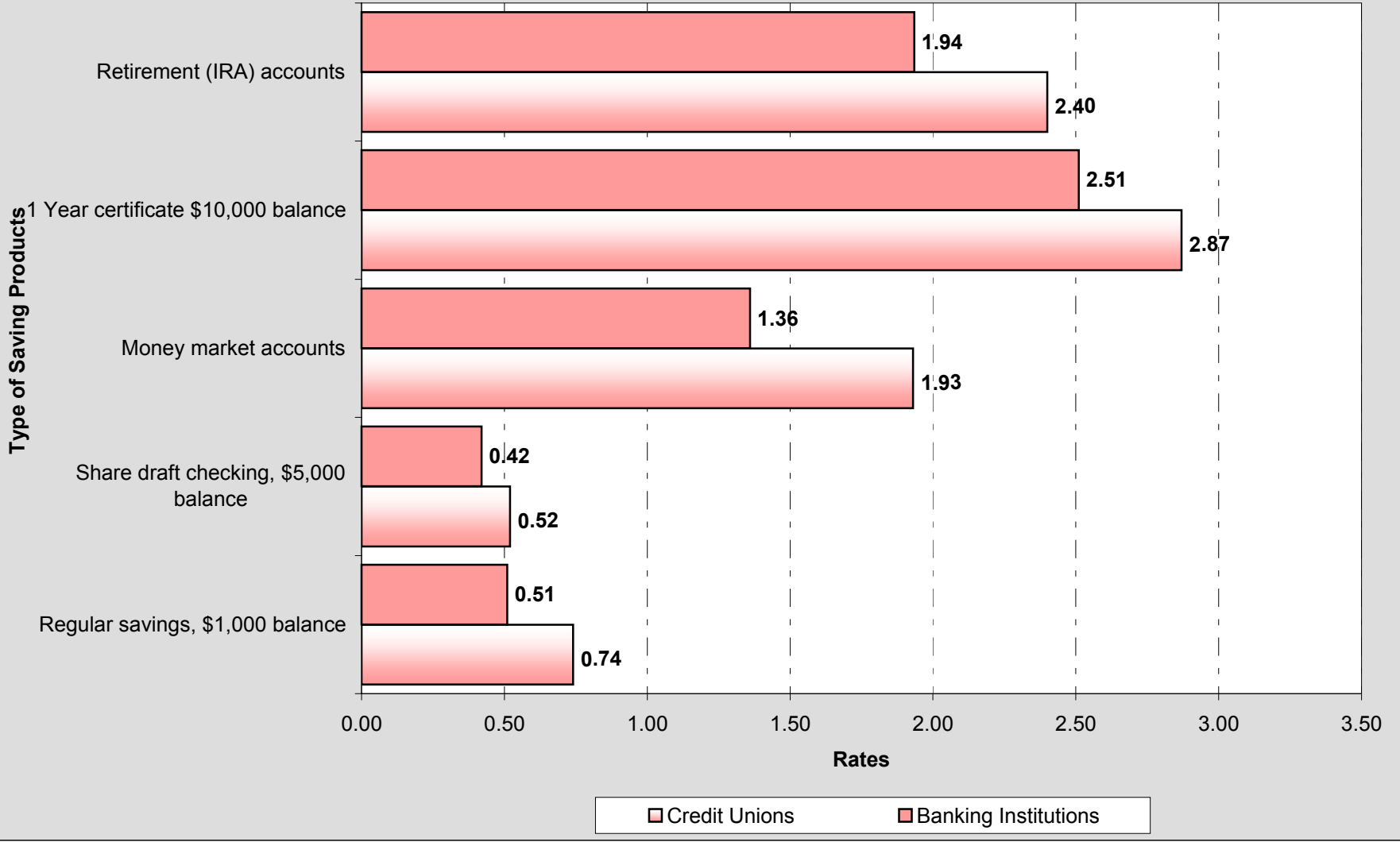
Source: Datatrac, NCUA, and CUNA.

(1)Assumes 1.9 credit union members per household.

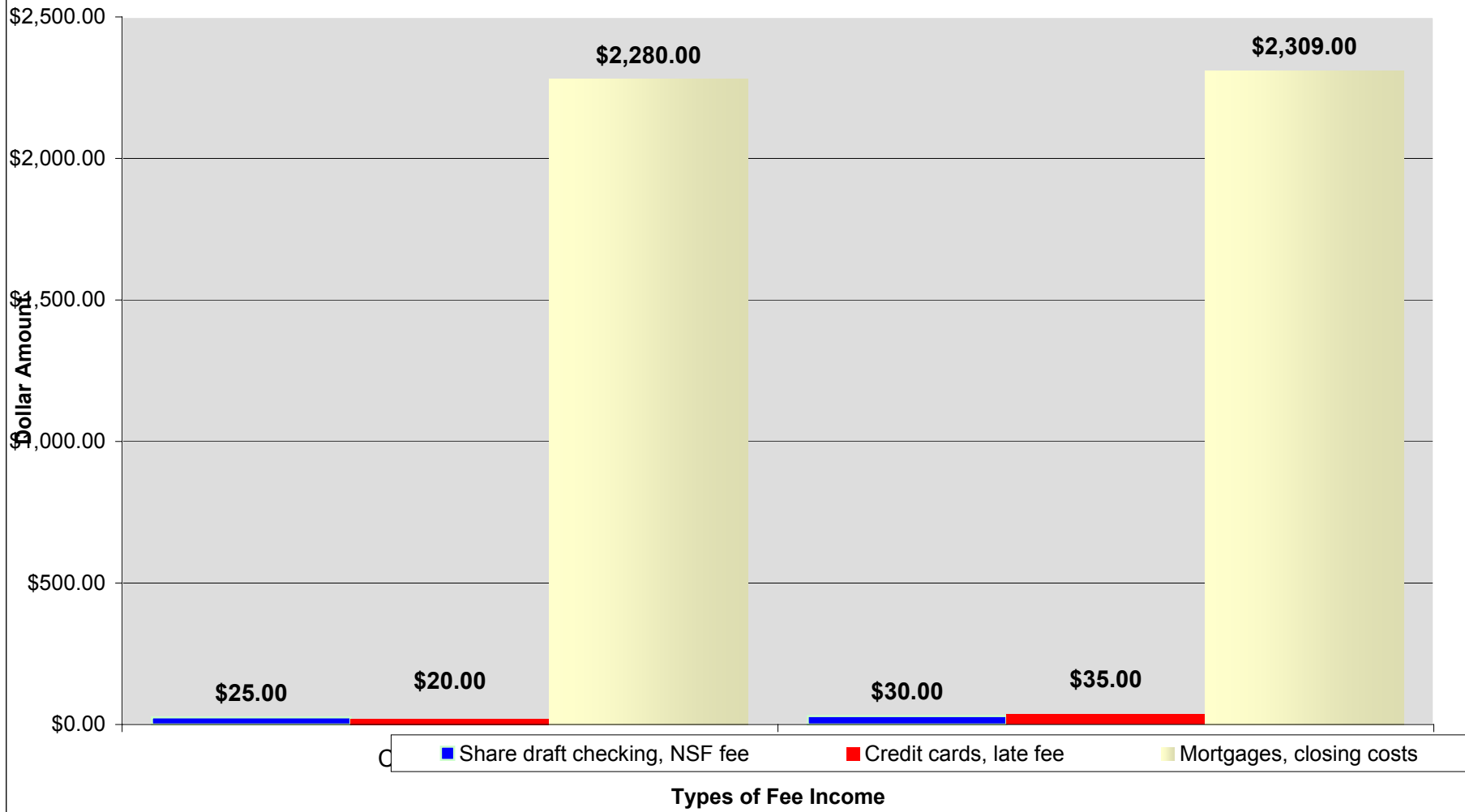
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



Selected Credit Union Fees Compared to Banking Institutions

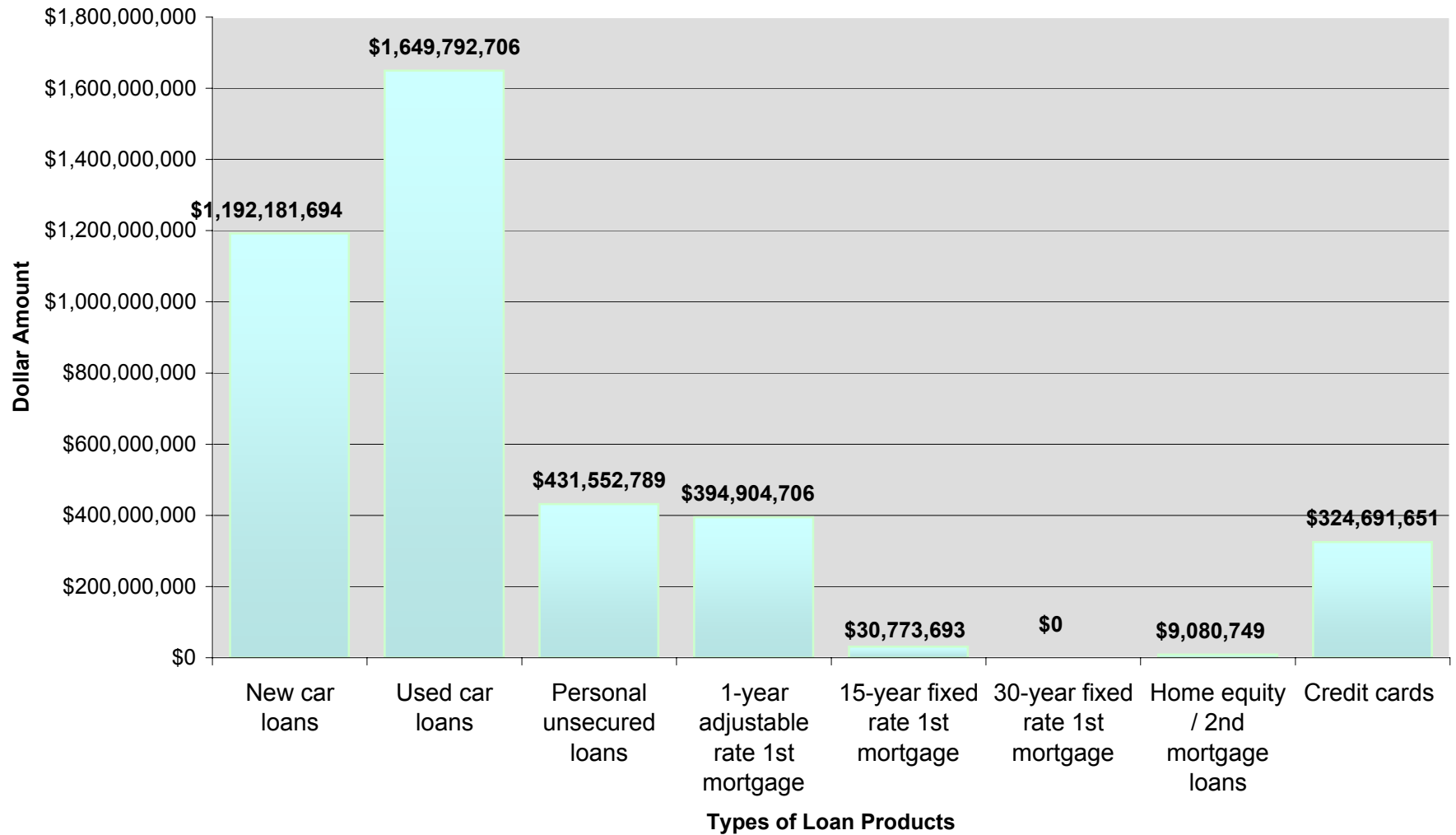


Credit Union and Banking Institution
Mid-Year 2008 Average Interest Rates and Fees

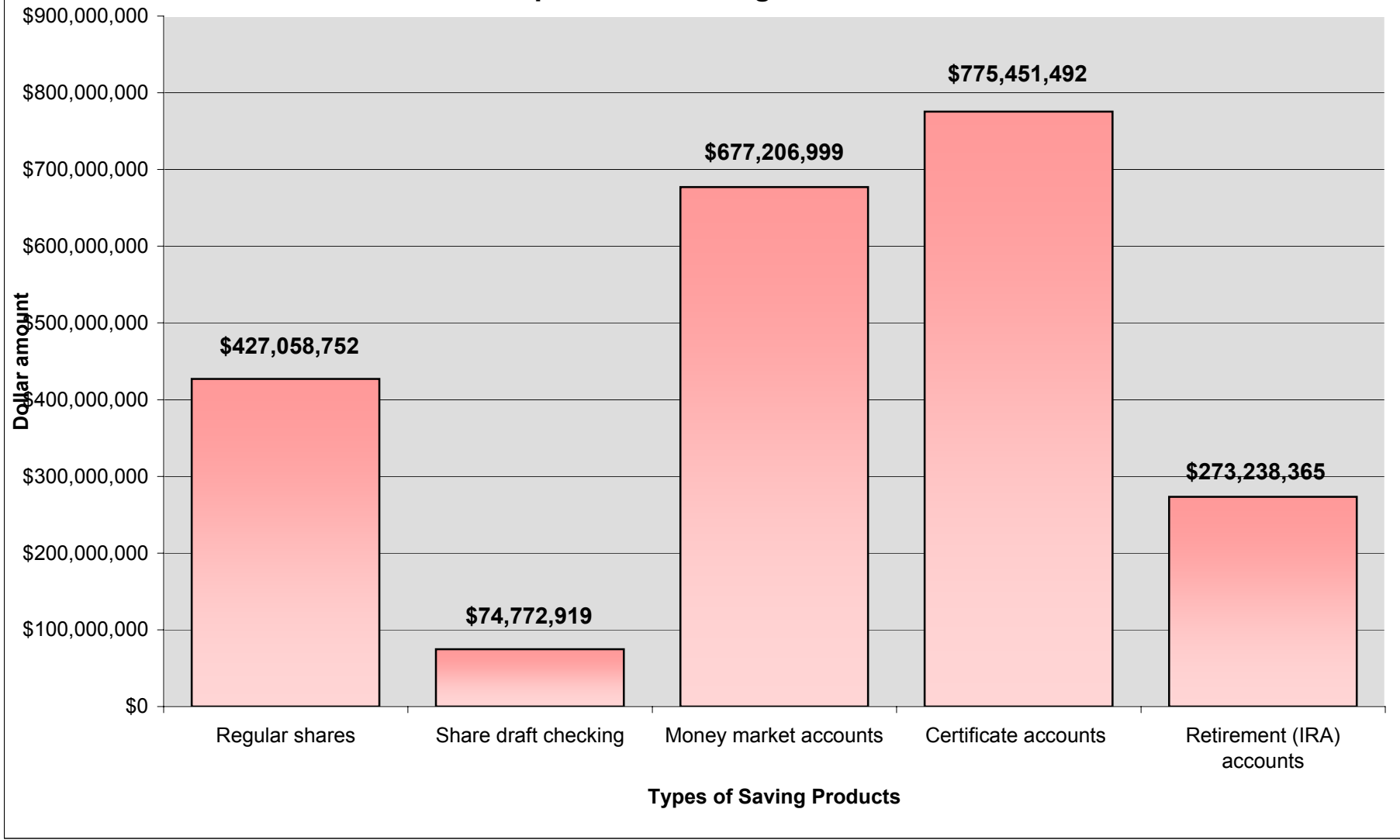
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	5.50	6.89	-1.39
48-month used car (A paper)	5.64	7.45	-1.81
Unsecured loan (A paper)	10.64	12.47	-1.83
1-year adjustable rate 1st mortgage, 0 pts	5.20	5.70	-0.50
15-year fixed rate 1st mortgage, 0 pts	6.08	6.15	-0.07
30-year fixed rate 1st mortgage, 0 pts	6.53	6.53	0.00
Home equity / 2nd mtg, 80% LTV 0 pts	5.28	5.29	-0.01
Credit card - classic	11.75	13.16	-1.41
Credit card - gold	9.71	9.94	-0.23
Savings Products			
Regular savings, \$1,000 balance	0.74	0.51	0.23
Share draft checking, \$5,000 balance	0.52	0.42	0.10
Money market accounts	1.93	1.36	0.57
1 Year certificate \$10,000 balance	2.87	2.51	0.36
Retirement (IRA) accounts	2.40	1.94	0.47
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 Compared to Banking Institutions



Estimated Credit Union Savings Dividend Benefits Compared to Banking Institutions



Estimated Credit Union Financial Benefits Mid-Year 2008

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Banks (%) (2)	Total Financial Benefit to Members
New car loans	85,768,467,217	-1.39	\$1,192,181,694
Used car loans	91,148,768,307	-1.81	\$1,649,792,706
Personal unsecured loans	23,582,119,609	-1.83	\$431,552,789
1-year adjustable rate 1st mortgage	78,980,941,162	-0.50	\$394,904,706
15-year fixed rate 1st mortgage	43,962,418,078	-0.07	\$30,773,693
30-year fixed rate 1st mortgage	63,604,631,433	0.00	\$0
Home equity / 2nd mortgage loans	90,807,490,324	-0.01	\$9,080,749
Credit cards	29,120,327,429	-1.41	\$324,691,651
Interest rebates in period			\$15,239,987
Total CU member benefit arising from lower interest rates on loan products:			\$4,048,217,975
 <u>Savings</u>			
Regular shares	185,677,718,371	0.23	\$427,058,752
Share draft checking	74,772,918,826	0.10	\$74,772,919
Money market accounts	118,808,245,481	0.57	\$677,206,999
Certificate accounts	215,403,192,172	0.36	\$775,451,492
Retirement (IRA) accounts	58,760,938,608	0.47	\$273,238,365
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$2,227,728,527
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$1,614,320,638
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$7,890,267,139
 Total CU member benefit / member:			\$90
Total CU member benefit / member household:			\$170

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2006 and year-end 2007, according to the NCUA call report.; (2) surce for rates and fees: Datatrac;

Certificate of Excellence

is hereby granted to:

National

The Credit Union National Association has determined that National provided \$7,890,267,139 in direct financial benefits to its 88,105,469 members during the six months ending in June 2008. These benefits are equivalent to approximately \$170 per member household.

National provided loyal high-use member households \$591 in direct financial benefits.

Credit unions generally provide financial benefits to members by charging less for loans, paying more on deposits and charging fewer/lower fees compared to banking institutions.





**National
Performance Profile**

Demographic Information	Jun-08	Dec-07
Number of branches	21,190	20,576
Total assets (\$ mil)	815,338	757,443
Total loans (\$ mil)	556,121	518,739
Total surplus funds (\$ mil)	226,445	208,583
Total savings (\$ mil)	687,943	644,901
Total members (thousands)	89,316	88,219
Growth Rates		
Total assets	12.6 %	9.2 %
Total loans	7.0 %	5.3 %
Total surplus funds	28.1 %	19.5 %
Total savings	13.6 %	10.2 %
Total members	2.8 %	2.7 %
Earnings - Basis Pts.		
Yield on total assets	564	581
- Dividend/interest cost of assets	256	269
+ Fee & other income	143	132
- Operating expense	334	335
- Loss Provisions	60	34
= Net Income (ROA)	57	75
Capital adequacy		
Net worth / assets	11.1	11.4
Asset quality		
Delinquencies / loans	1.0	0.7
Net chargeoffs / average loans	0.7	0.5
Total borrower-bankruptcies	14	9
Bankruptcies per 1000 members	1.2	0.9
Asset/Liability Management		
Loans / savings	80.8	80.4
Loans / assets	68.2	68.5
Long-term assets / assets	31.4	27.6
Core deposits/shares & borrowings	37.4	40.0
Productivity		
Members/potential members	7.1	7.6
Borrowers/members	50.1	49.9
Members/FTE	371	379
Average shares/members (\$)	7,702	7,310
Average loan balances (\$)	12,421	11,782
Salary & Benefits/FTE	55,692	53,969