

The Benefits of Membership

Customized Analysis of Member Benefits For:

Michigan

December 2012

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Michigan

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 Michigan credit unions provided \$213,240,218 in direct financial benefits to the state's 4,474,606 members during the twelve months ending December 2012.

These benefits are equivalent to \$48 per member or \$91 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 Michigan 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 Michigan credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Michigan credit union will save members an average \$132 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.

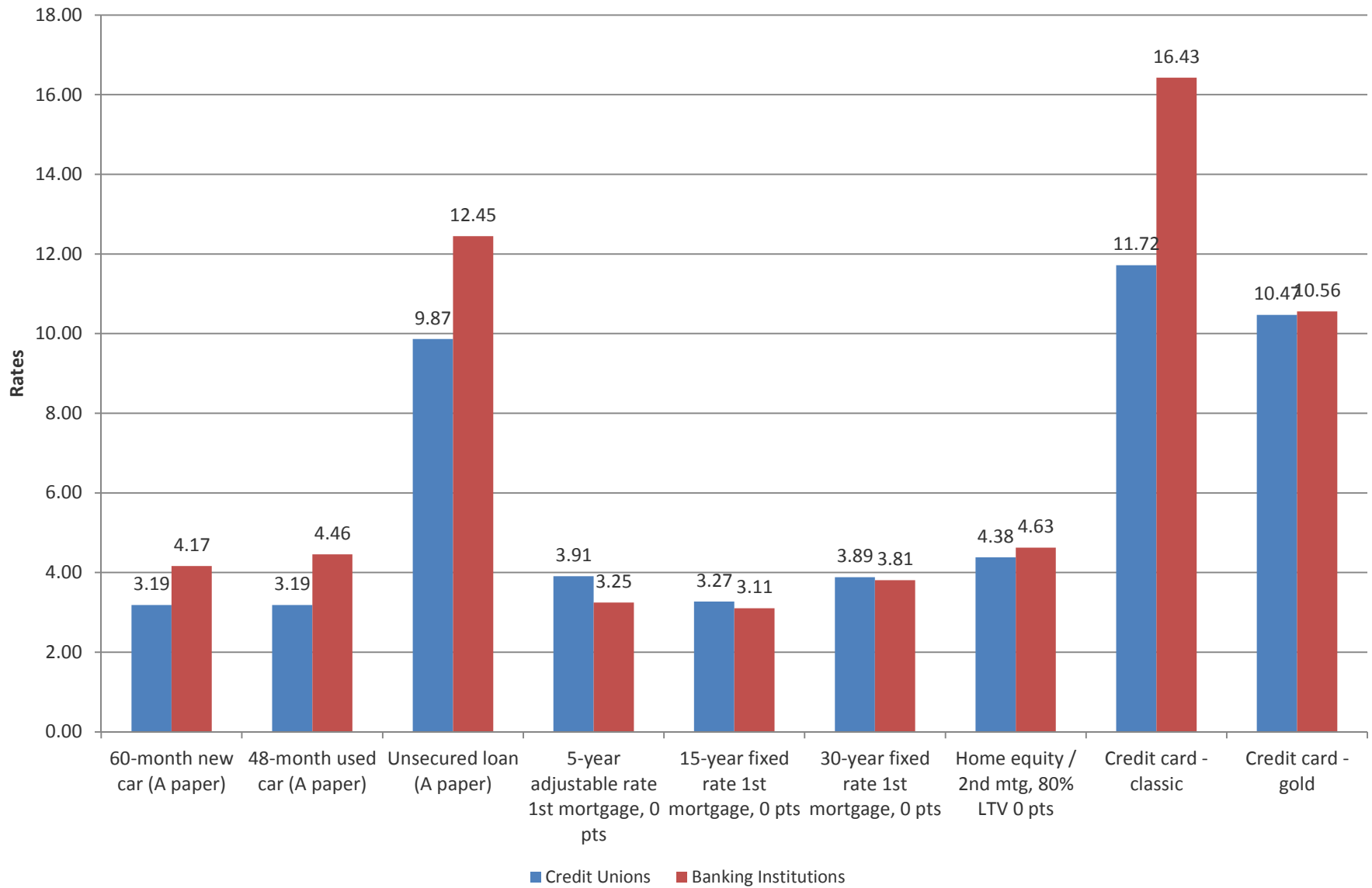
Michigan credit unions excel in providing member benefits on many loan and saving products. In particular, Michigan credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans, credit cards loans.

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

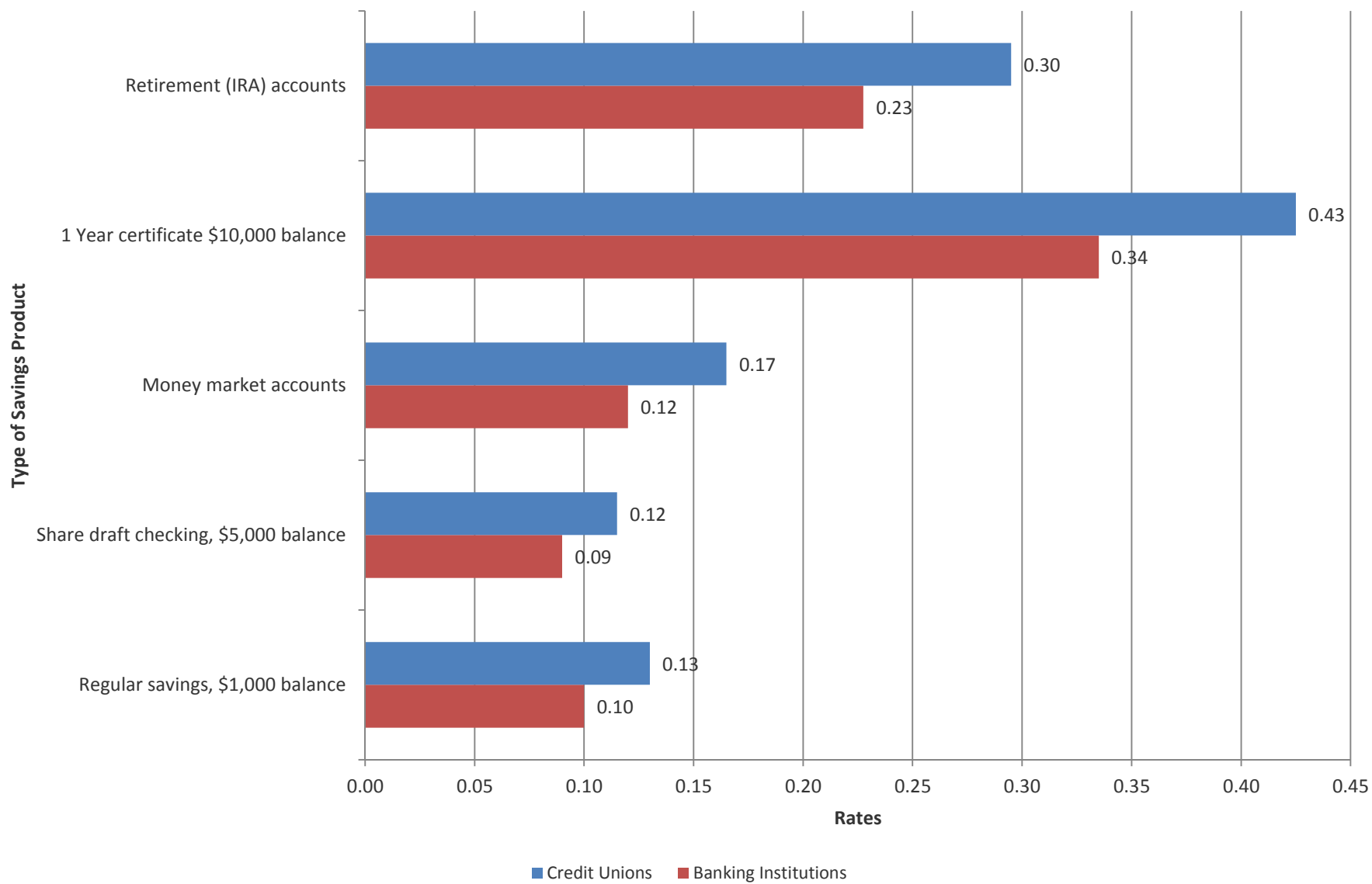


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

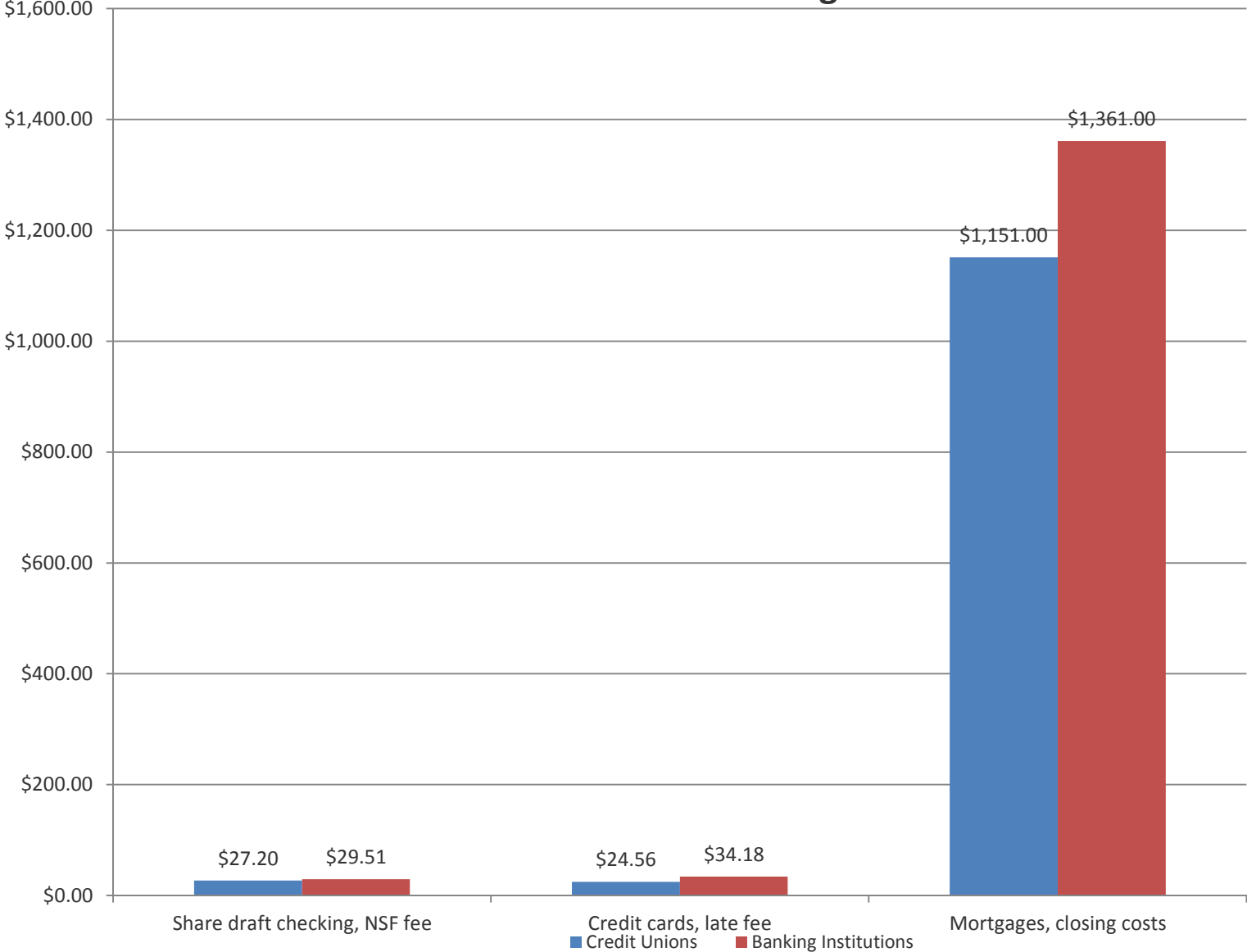
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



Selected December 2012 Fees Credit Unions vs Banking Institutions

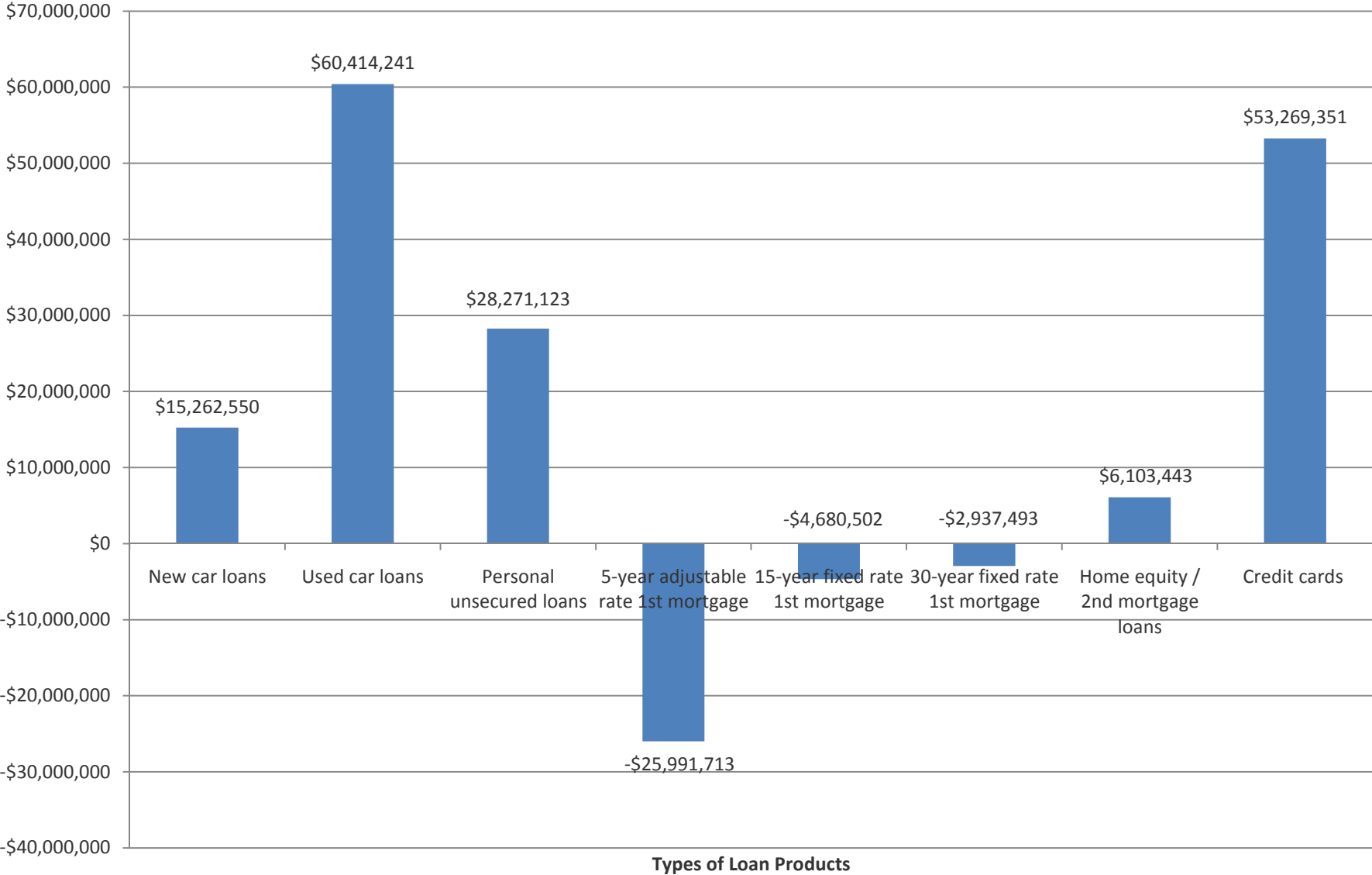


Michigan
Credit Union and Banking Institution
Year-End 2012 Average Interest Rates and Fees

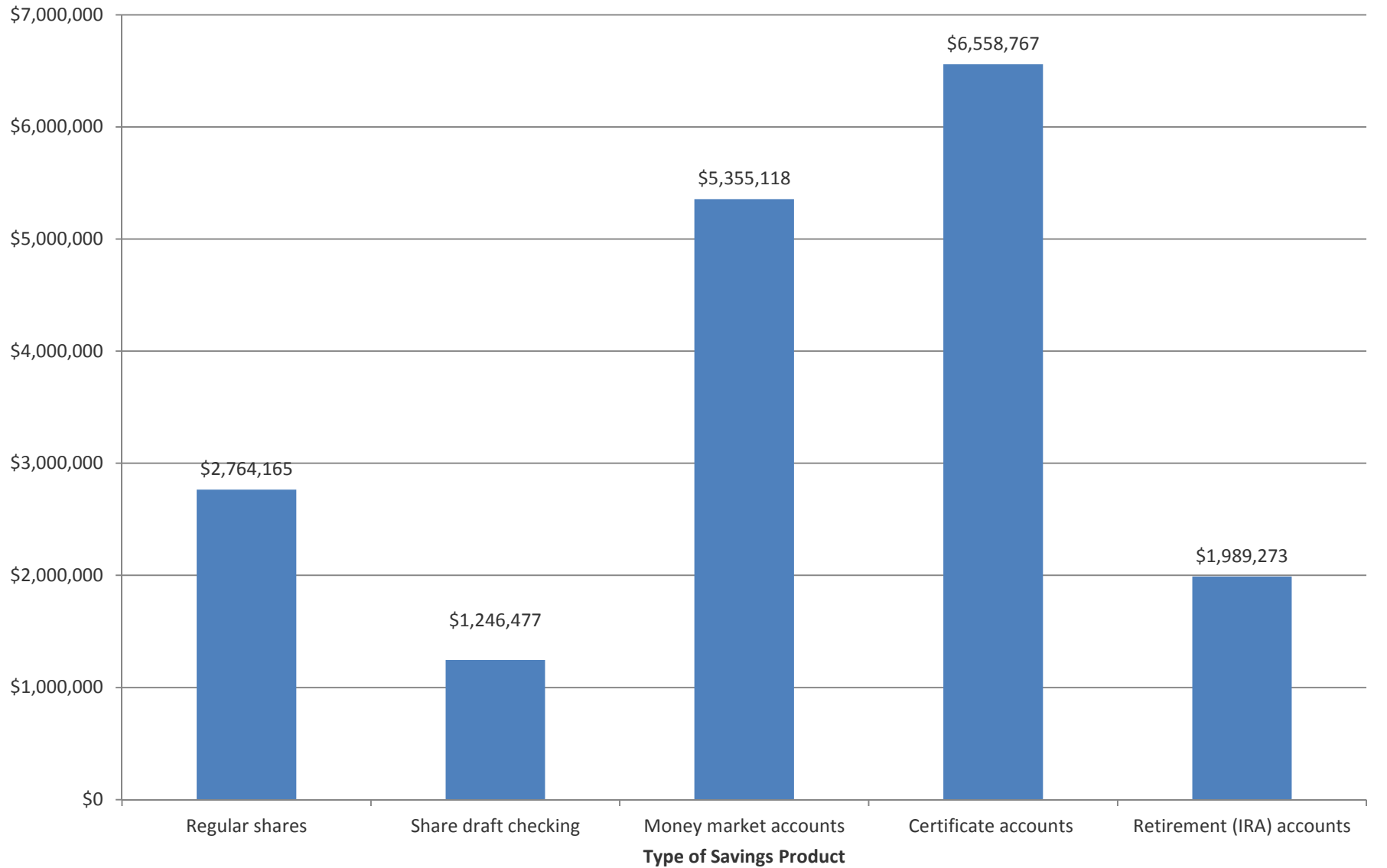
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.19	4.17	-0.98
48-month used car (A paper)	3.19	4.46	-1.27
Unsecured loan (A paper)	9.87	12.45	-2.58
5-year adjustable rate 1st mortgage, 0 pts	3.91	3.25	0.66
15-year fixed rate 1st mortgage, 0 pts	3.27	3.11	0.17
30-year fixed rate 1st mortgage, 0 pts	3.89	3.81	0.07
Home equity / 2nd mtg, 80% LTV 0 pts	4.38	4.63	-0.25
Credit card - classic	11.72	16.43	-4.71
Credit card - gold	10.47	10.56	-0.09
Savings Products			
Regular savings, \$1,000 balance	0.13	0.10	0.03
Share draft checking, \$5,000 balance	0.12	0.09	0.03
Money market accounts	0.17	0.12	0.05
1 Year certificate \$10,000 balance	0.43	0.34	0.09
Retirement (IRA) accounts	0.30	0.23	0.07
Fee Income			
Share draft checking, NSF fee	\$27.20	\$29.51	-\$2.31
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



Estimated Michigan Credit Unions Financial Benefits Year-End 2012

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Michigan Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,557,403,096	-0.98	\$15,262,550
Used car loans	4,757,026,849	-1.27	\$60,414,241
Personal unsecured loans	1,095,779,957	-2.58	\$28,271,123
5-year adjustable rate 1st mortgage	3,938,138,275	0.66	-\$25,991,713
15-year fixed rate 1st mortgage	2,836,667,741	0.17	-\$4,680,502
30-year fixed rate 1st mortgage	3,916,657,188	0.07	-\$2,937,493
Home equity / 2nd mortgage loans	2,491,201,337	-0.25	\$6,103,443
Credit cards	1,500,545,100	-4.71	\$53,269,351
Interest rebates in period			\$16,575,318
Total CU member benefits arising from lower interest rates on loan products:			\$146,286,319
 <u>Savings</u>			
Regular shares	9,213,882,978	0.03	\$2,764,165
Share draft checking	4,985,909,456	0.03	\$1,246,477
Money market accounts	11,900,261,371	0.05	\$5,355,118
Certificate accounts	7,287,519,321	0.09	\$6,558,767
Retirement (IRA) accounts	2,947,070,793	0.07	\$1,989,273
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$17,913,800
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$49,040,099
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$213,240,218
Total CU member benefit / member:			\$48
Total CU member benefit / member household:			\$91

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2012 and September 2011, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Michigan
Performance Profile

Demographic Information	Dec 12	Dec 11
Number of branches	1019	1052
Total assets (\$ mil)	44,359	41,873
Total loans (\$ mil)	24,337	23,446
Total surplus funds (\$ mil)	18,093	16,598
Total savings (\$ mil)	38,192	36,110
Total members (thousands)	4,550	4,474
Growth Rates (Trailing 12 months) *		
Total assets	5.9 %	4.7 %
Total loans	3.8 %	0.1 %
Total surplus funds	9.0 %	11.8 %
Total savings	5.8 %	4.8 %
Total members	1.7 %	0.0 %
Earnings - Basis Pts. *		
Yield on total assets	365	405
Dividend/interest cost of assets	59	77
Fee & other income	164	140
Operating expense	345	371
Loss Provisions	35	53
Net Income (ROA) after stabilization exp	91	44
Capital adequacy		
Net worth / assets	11.1	10.9
Asset quality *		
Delinquencies / loans	1.1	1.5
Net chargeoffs / average loans	0.8	1.0
Total borrower-bankruptcies	37	43
Bankruptcies per 1000 members	2.5	3.0
Asset/Liability Management		
Loans / savings	63.7	64.9
Loans / assets	54.9	56.0
Long-term assets / assets	36.0	34.1
Core deposits/shares & borrowings	39.2	37.4
Productivity		
Members/potential members	4.2	4.4
Borrowers/members	51.9	50.1
Members/FTE	375	378
Average shares/members (\$)	8,394	8,071
Average loan balances (\$)	10,312	10,450
Salary & Benefits/FTE	59,436	57,070

* 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.