

CUNA Michigan
**MEMBERSHIP BENEFITS
REPORT**

Michigan

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 Michigan credit unions provided \$423,182,384 in direct financial benefits to the state's 5,286,648 members during the twelve months ending December 2018.

These benefits are equivalent to \$80 per member or \$168 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 \$91 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.

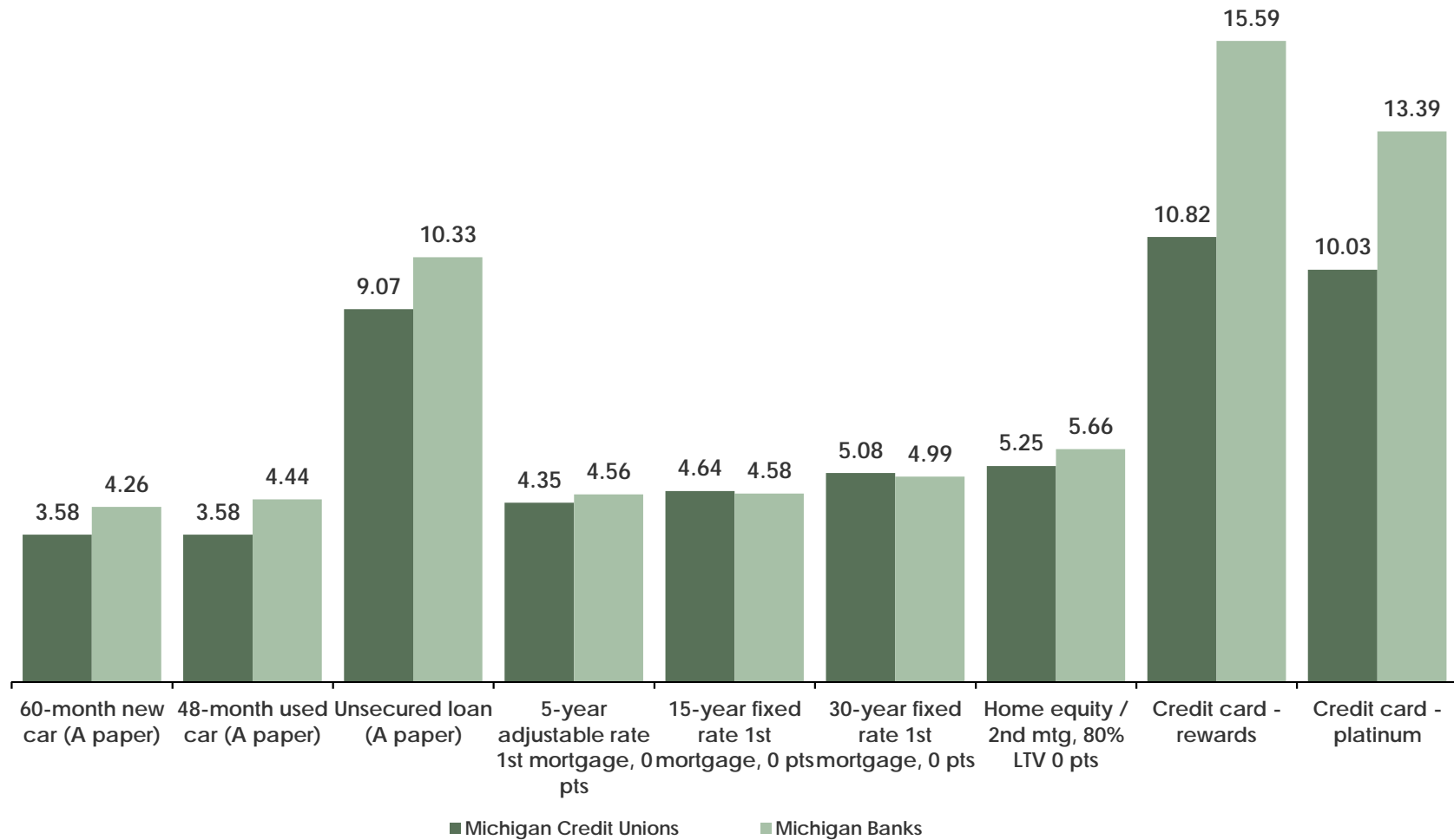
Michigan credit unions excel in providing member benefits on many loan and savings products. In particular, Michigan credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-adjustable rate, home equity loans, credit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

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



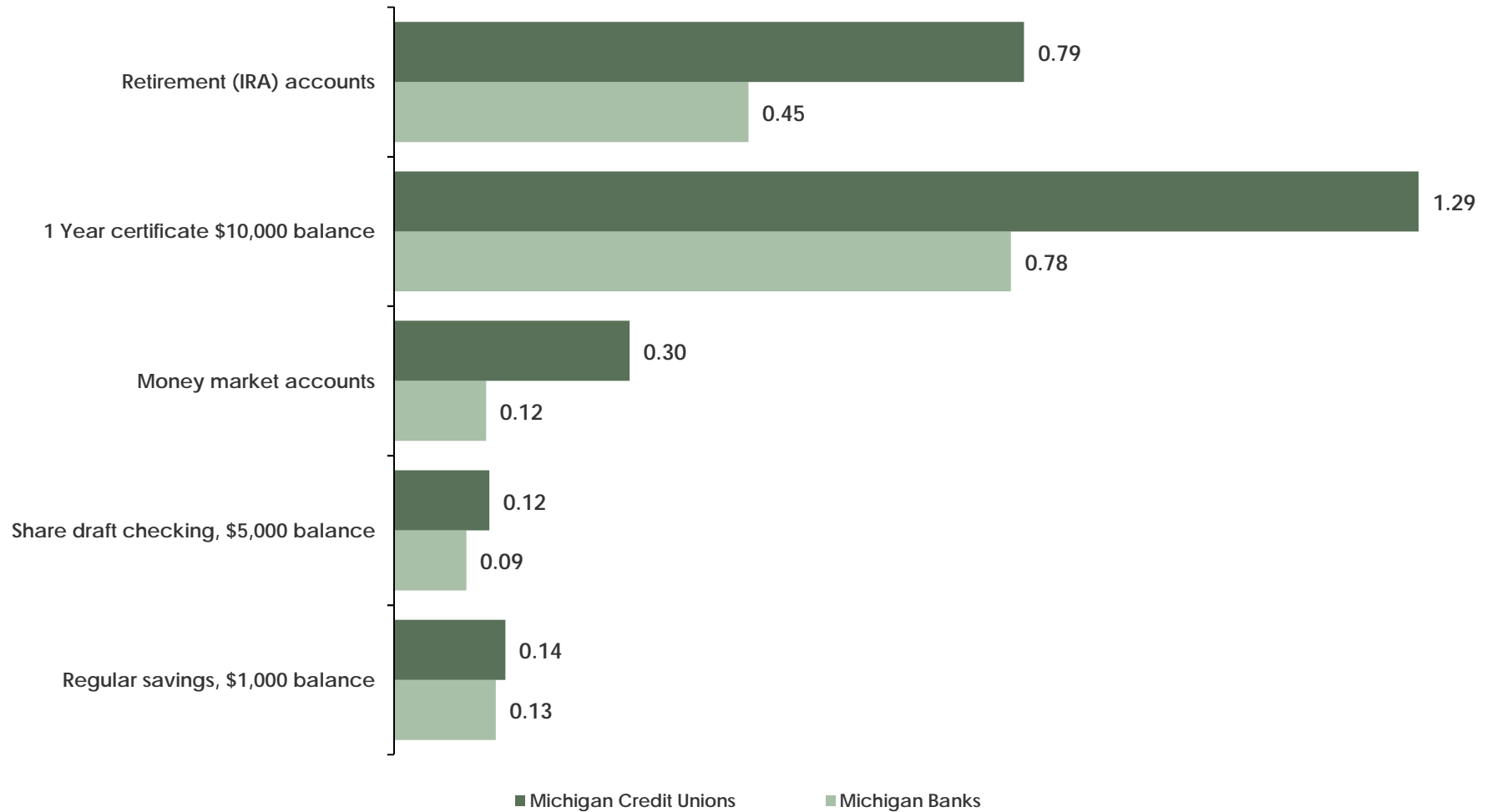
Loan Product Comparative Interest Rates (%)

by Loan Type



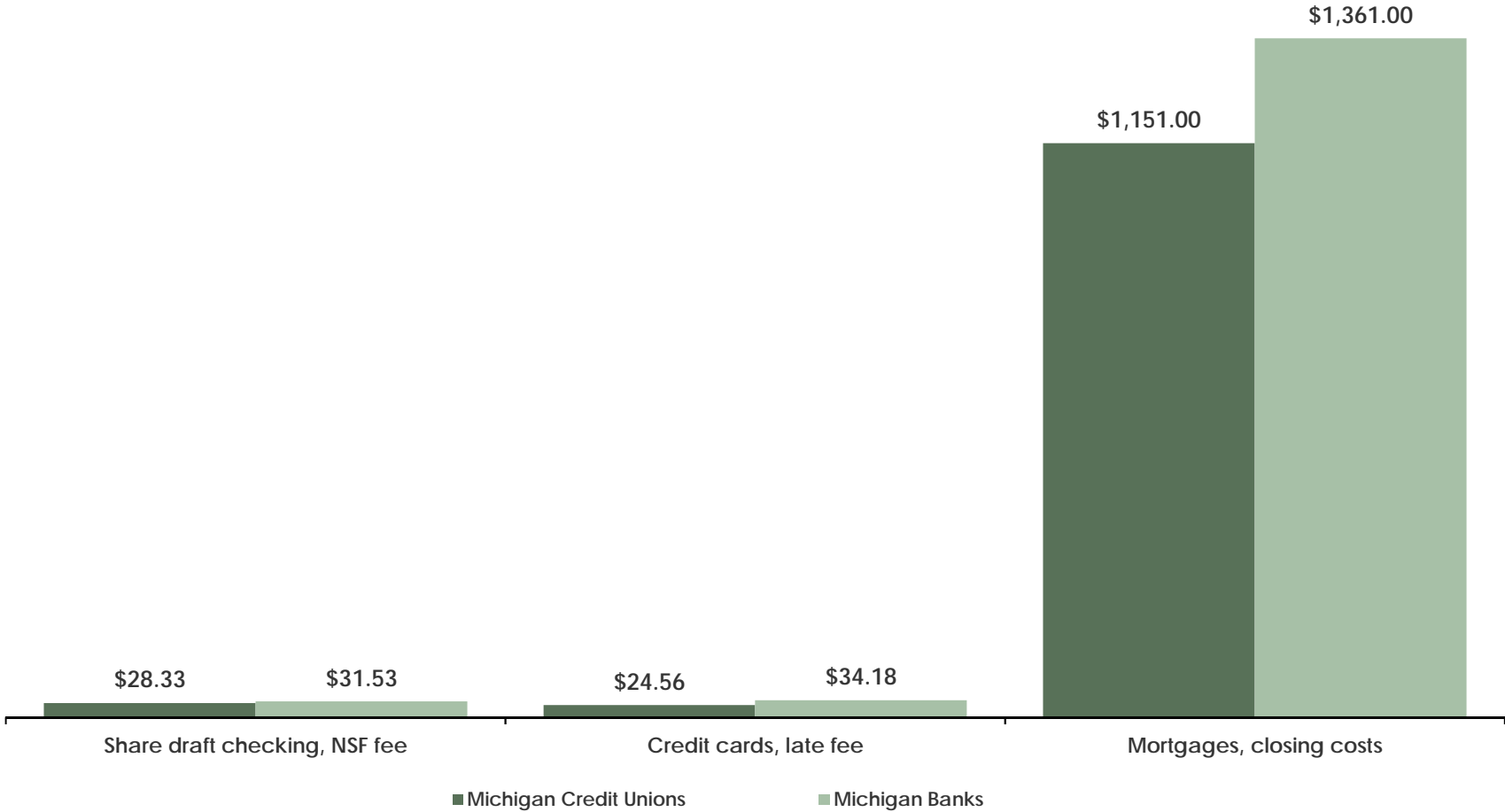
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



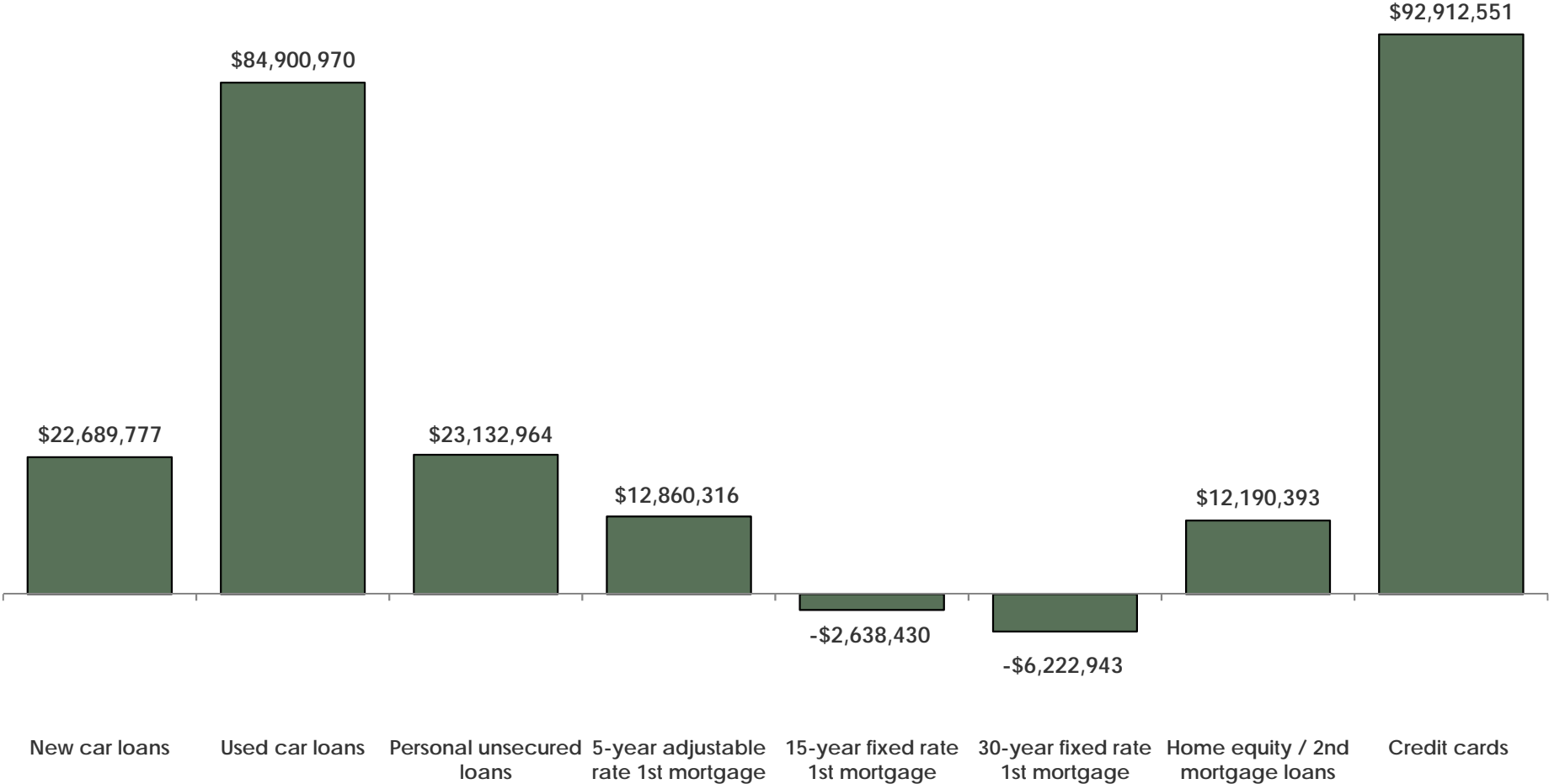
Michigan Credit Union and Banking Institution December 2018 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.58	4.26	-0.68
48-month used car (A paper)	3.58	4.44	-0.86
Unsecured loan (A paper)	9.07	10.33	-1.26
5-year adjustable rate 1st mortgage, 0 pts	4.35	4.56	-0.20
15-year fixed rate 1st mortgage, 0 pts	4.64	4.58	0.06
30-year fixed rate 1st mortgage, 0 pts	5.08	4.99	0.09
Home equity / 2nd mtg, 80% LTV 0 pts	5.25	5.66	-0.42
Credit card - rewards	10.82	15.59	-4.77
Credit card - platinum	10.03	13.39	-3.36
Savings Products			
Regular savings, \$1,000 balance	0.14	0.13	0.01
Share draft checking, \$5,000 balance	0.12	0.09	0.03
Money market accounts	0.30	0.12	0.18
1 Year certificate \$10,000 balance	1.29	0.78	0.51
Retirement (IRA) accounts	0.79	0.45	0.35
Fee Income			
Share draft checking, NSF fee	\$28.33	\$31.53	-\$3.20
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

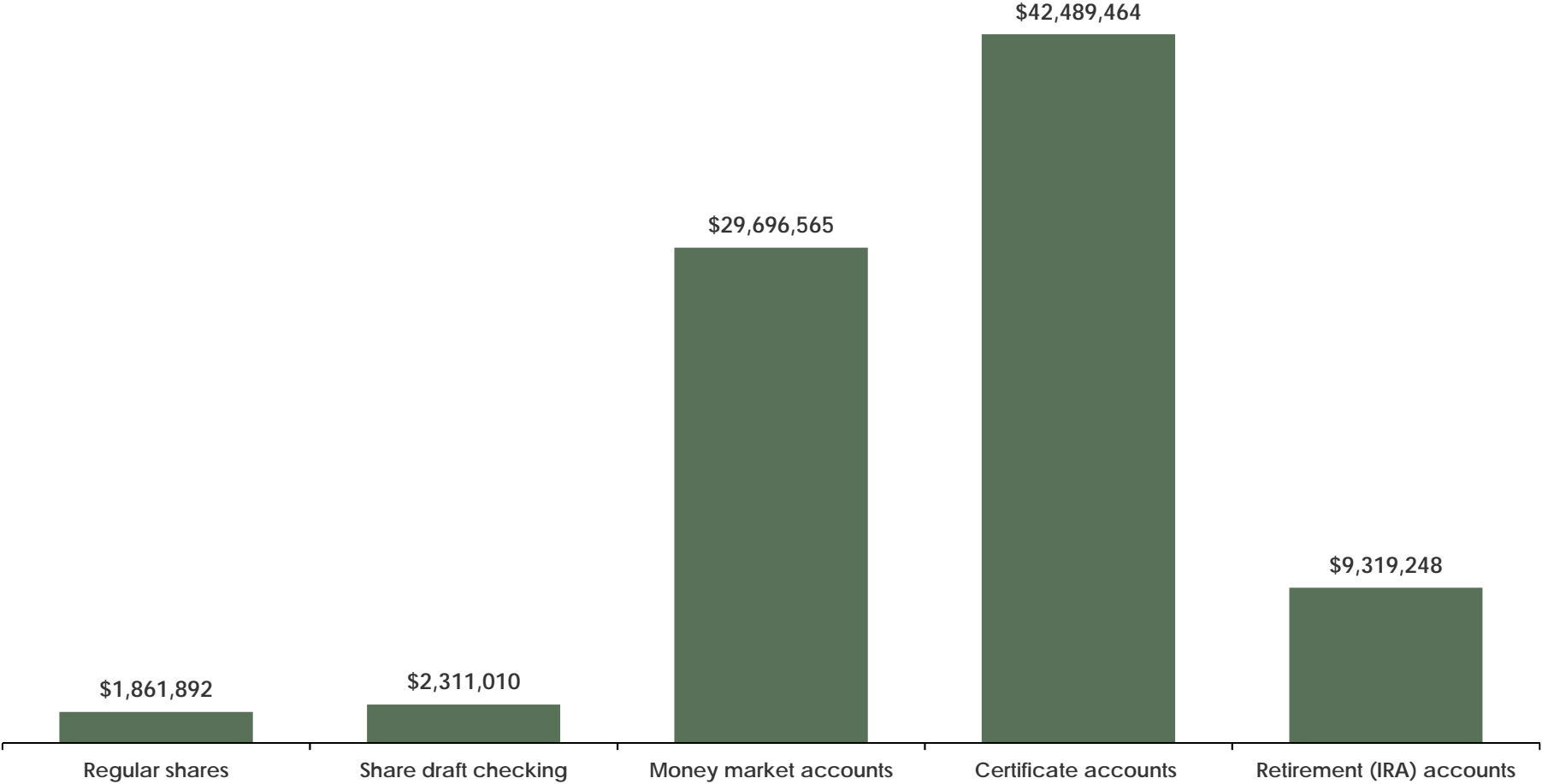
State Credit Union's Total Loan Rate Benefits

Compared to State Banking Institutions
by Loan Type



State Credit Union's Total Savings Dividend Benefits

Compared to State Banking Institutions
by Account Type



Estimated Financial Benefits for Michigan Credit Unions December 2018

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Michigan Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	3,361,448,424	-0.68	\$22,689,777
Used car loans	9,895,217,939	-0.86	\$84,900,970
Personal unsecured loans	1,834,493,588	-1.26	\$23,132,964
5-year adjustable rate 1st mortgage	6,366,492,923	-0.20	\$12,860,316
15-year fixed rate 1st mortgage	4,255,531,880	0.06	-\$2,638,430
30-year fixed rate 1st mortgage	7,235,980,618	0.09	-\$6,222,943
Home equity / 2nd mortgage loans	2,937,444,150	-0.42	\$12,190,393
Credit cards	2,101,856,146	-4.77	\$92,912,551
Interest rebates			\$26,258,381
Total CU member benefits arising from lower interest rates on loan products:			\$266,083,979
Savings			
Regular shares	15,515,767,989	0.01	\$1,861,892
Share draft checking	7,969,001,670	0.03	\$2,311,010
Money market accounts	16,498,091,427	0.18	\$29,696,565
Certificate accounts	8,298,723,346	0.51	\$42,489,464
Retirement (IRA) accounts	2,693,424,376	0.35	\$9,319,248
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$85,678,179
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$71,420,226
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$423,182,384
Total CU member benefit / member:			\$80
Total CU member benefit / member household:			\$168

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of December 2018 and December 2017, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

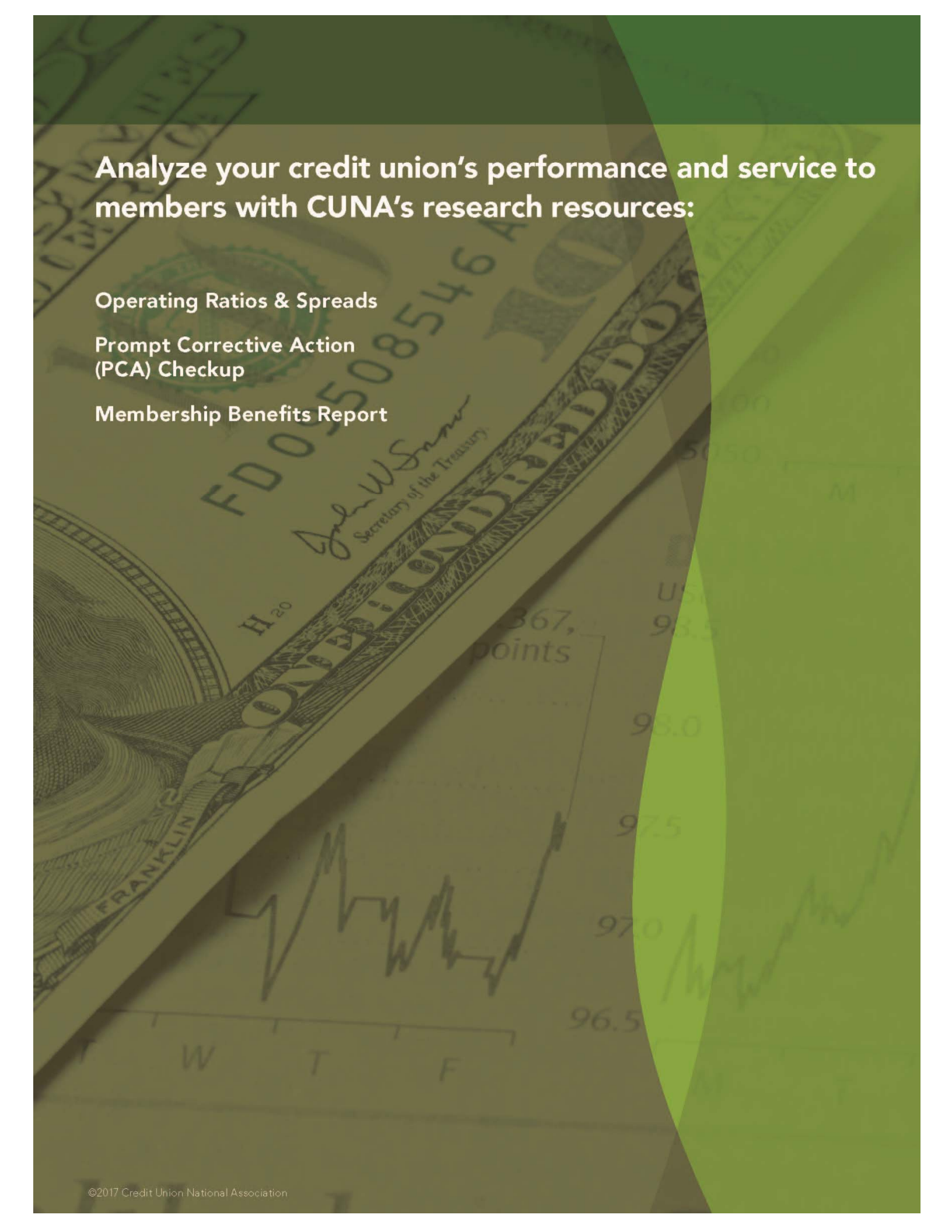
Membership Benefits Report

CUNA Economics and Statistics

Michigan Credit Union Performance Profile

Demographic Information	Dec 18	Dec 17
Number of branches	1,123	1,082
Total assets (\$ mil)	63,502	60,182
Total loans (\$ mil)	43,992	39,834
Total surplus funds (\$ mil)	16,500	17,588
Total savings (\$ mil)	53,258	50,745
Total members (thousands)	5,399	5,228
Growth Rates (Trailing 12 months) *		
Total assets	6.4 %	7.6 %
Total loans	11.1 %	12.5 %
Total surplus funds	-4.8 %	-2.1 %
Total savings	5.9 %	6.9 %
Total members	4.3 %	4.5 %
Earnings - Basis Pts. *		
Yield on total assets	377	353
Dividend / interest cost of assets	56	46
Fee & other income	165	158
Operating expense	350	339
Loss Provisions	35	34
Net Income (ROA) after stabilization exp	101	91
Capital Adequacy		
Net worth / assets	12.1	11.7
Asset Quality *		
Delinquencies / loans	0.7	0.7
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	42	42
Bankruptcies per 1000 members	1.8	1.9
Asset/Liability Management		
Loans / savings	82.6	78.5
Loans / assets	69.3	66.2
Long-term assets / assets	37.8	38.0
Core deposits/shares & borrowings	44.0	44.2
Productivity		
Members / potential members	1.4	1.6
Borrowers / members	61.6	60.7
Members / FTE	339	347
Average shares / members (\$)	9,865	9,706
Average loan balances (\$)	13,222	12,543
Salary & Benefits / FTE	69,673	66,715

* 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.



Analyze your credit union's performance and service to members with CUNA's research resources:

Operating Ratios & Spreads

Prompt Corrective Action
(PCA) Checkup

Membership Benefits Report