

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 \$487,304,825 in direct financial benefits to the state's 5,443,243 members during the twelve months ending December 2019.

These benefits are equivalent to \$90 per member or \$188 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 \$115 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.

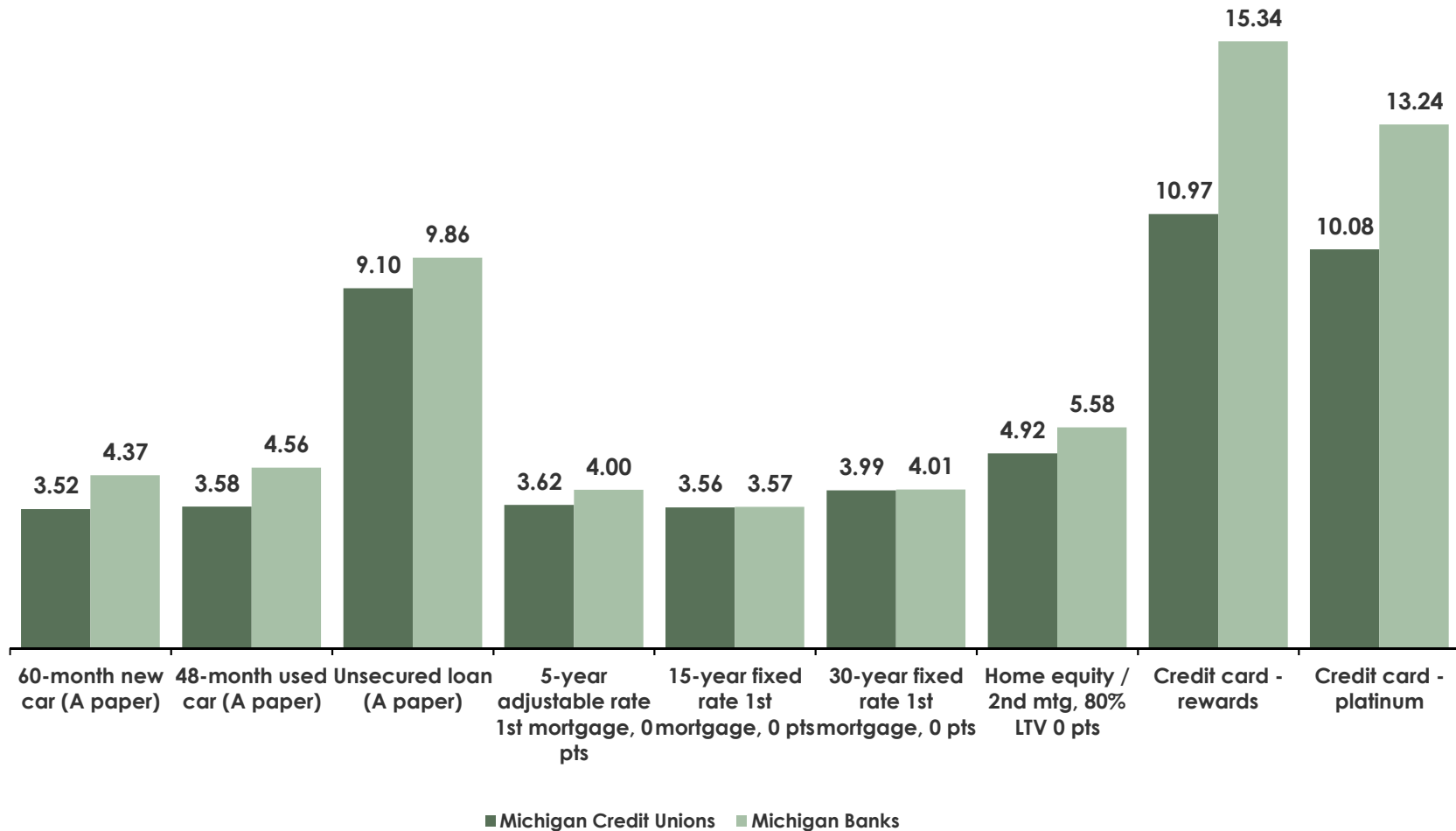
Michigan credit unions excel in providing member benefits on many loan and savings products. In particular, Michigan credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate,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



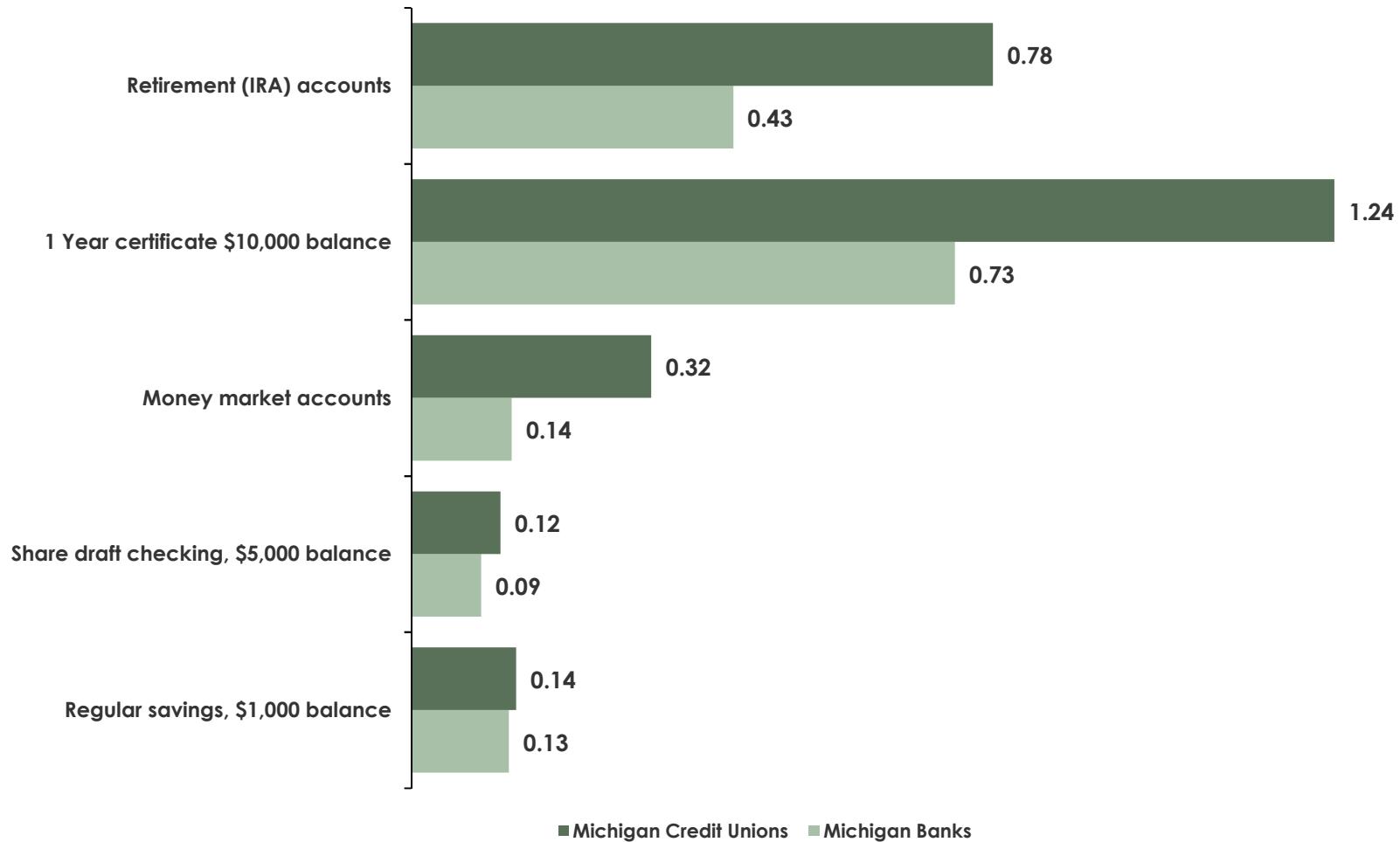
Loan Product Comparative Interest Rates (%)

by Loan Type



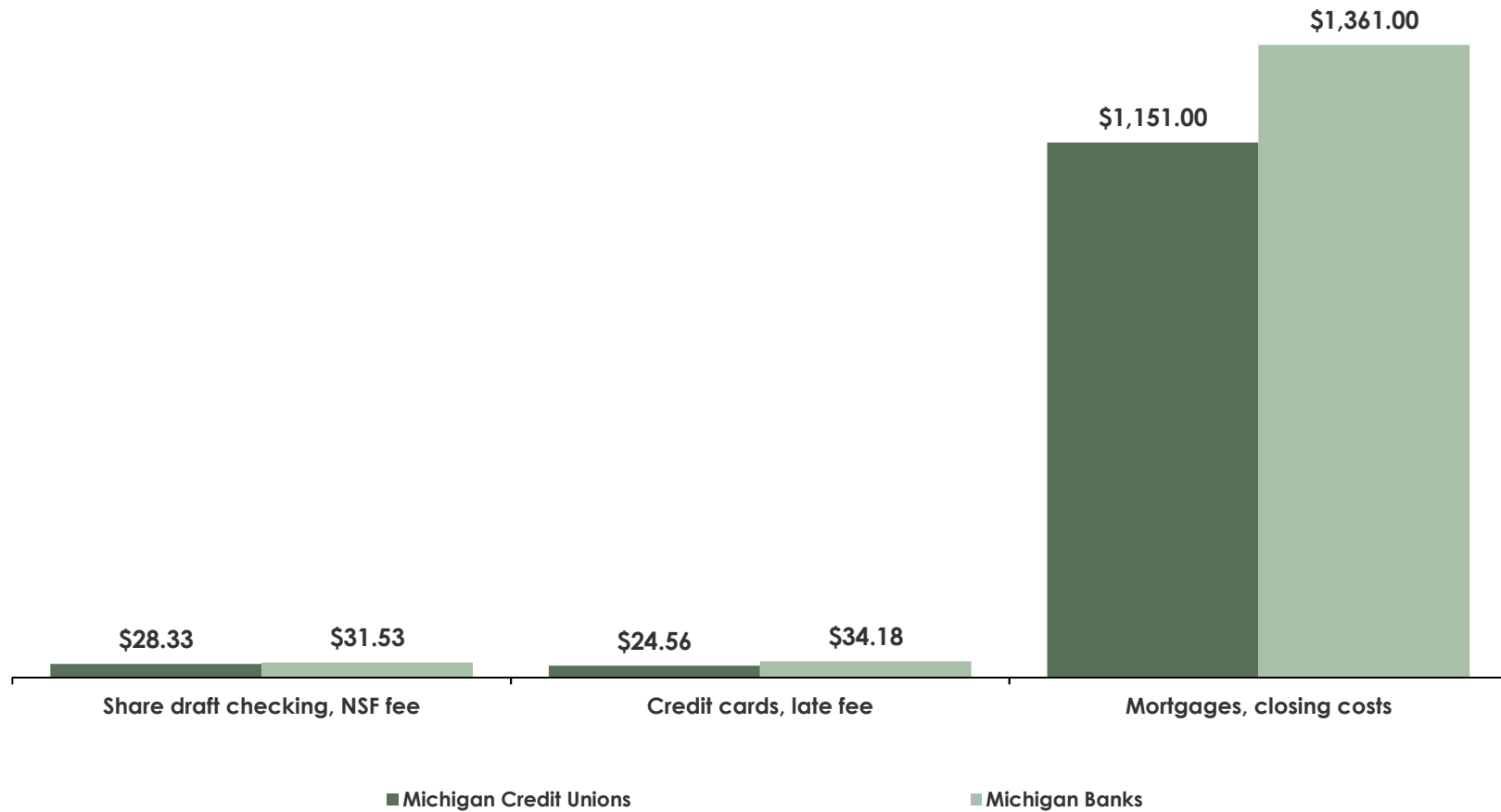
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



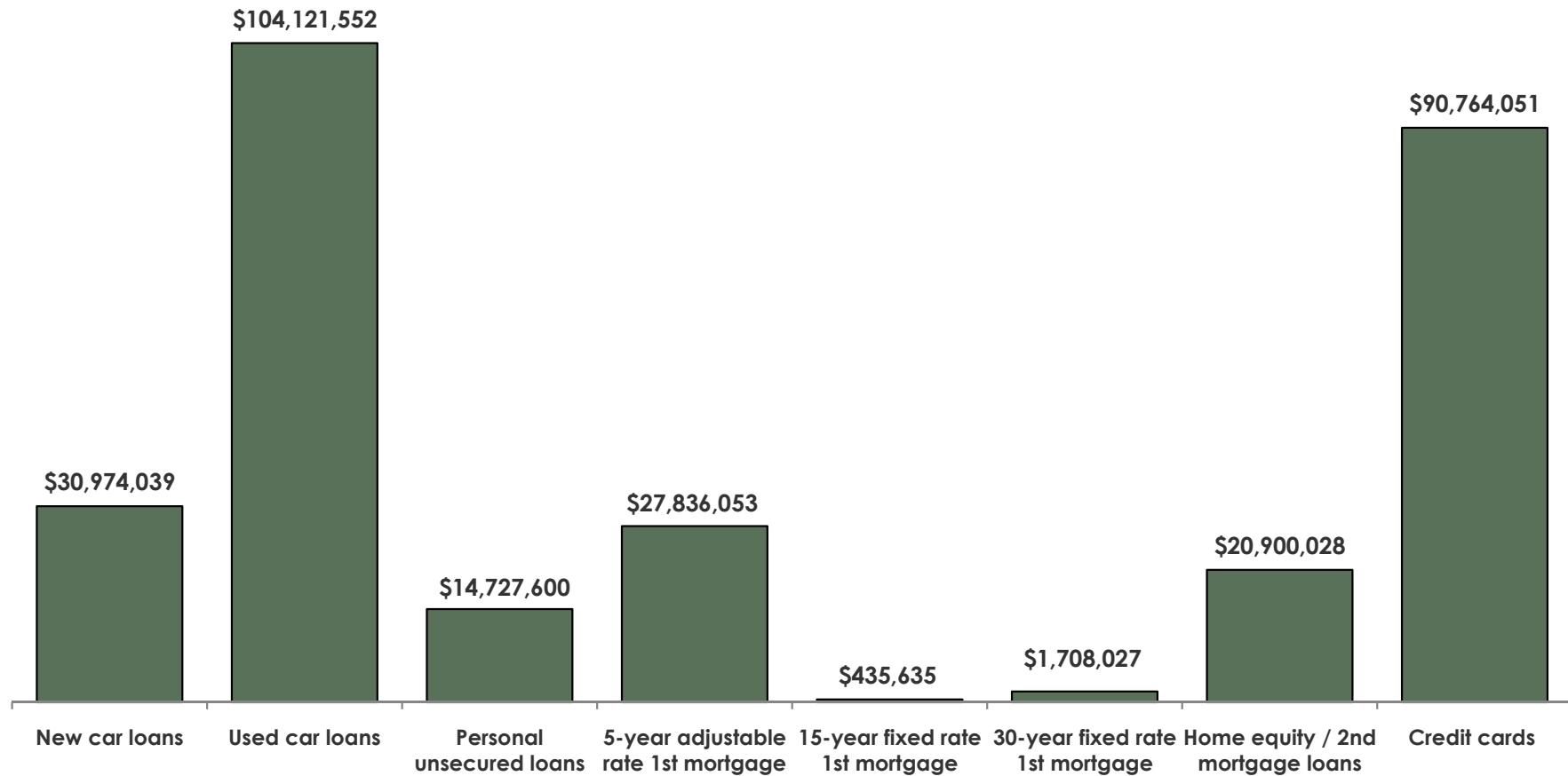
Michigan Credit Union and Banking Institution December 2019 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.52	4.37	-0.85
48-month used car (A paper)	3.58	4.56	-0.98
Unsecured loan (A paper)	9.10	9.86	-0.77
5-year adjustable rate 1st mortgage, 0 pts	3.62	4.00	-0.38
15-year fixed rate 1st mortgage, 0 pts	3.56	3.57	-0.01
30-year fixed rate 1st mortgage, 0 pts	3.99	4.01	-0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.92	5.58	-0.66
Credit card - rewards	10.97	15.34	-4.36
Credit card - platinum	10.08	13.24	-3.16
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	0.32	0.14	0.19
1 Year certificate \$10,000 balance	1.24	0.73	0.51
Retirement (IRA) accounts	0.78	0.43	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

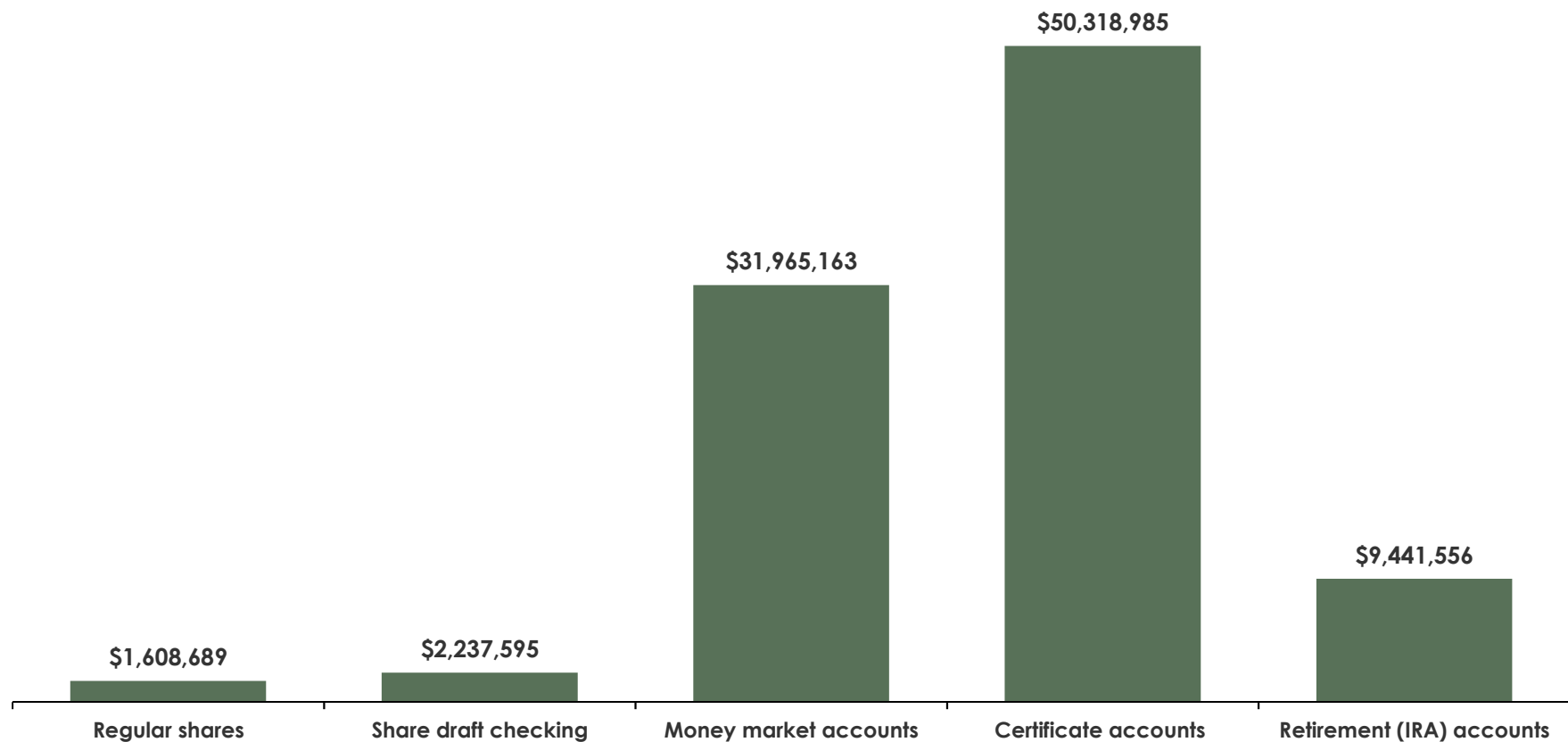
Estimated Credit Union Loan Benefits

Compared to State Banking Institutions
by Loan Type



Estimated Credit Union Savings Dividend Benefits

Compared to State Banking Institutions by Account Type



Estimated Financial Benefits for Michigan Credit Unions December 2019

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Michigan Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	3,635,450,600	-0.85	\$30,974,039
Used car loans	10,592,223,036	-0.98	\$104,121,552
Personal unsecured loans	1,920,156,504	-0.77	\$14,727,600
5-year adjustable rate 1st mortgage	7,267,898,866	-0.38	\$27,836,053
15-year fixed rate 1st mortgage	4,356,348,753	-0.01	\$435,635
30-year fixed rate 1st mortgage	8,133,462,965	-0.02	\$1,708,027
Home equity / 2nd mortgage loans	3,166,670,964	-0.66	\$20,900,028
Credit cards	2,235,017,251	-4.36	\$90,764,051
Interest rebates			\$26,206,283
Total CU member benefits arising from lower interest rates on loan products:			\$317,673,269
Savings			
Regular shares	16,086,892,057	0.01	\$1,608,689
Share draft checking	8,606,133,505	0.03	\$2,237,595
Money market accounts	17,093,670,150	0.19	\$31,965,163
Certificate accounts	9,885,851,650	0.51	\$50,318,985
Retirement (IRA) accounts	2,713,090,946	0.35	\$9,441,556
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$95,571,988
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$74,059,567
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$487,304,825
Total CU member benefit / member:			\$90
Total CU member benefit / member household:			\$188

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of December 2019 and December 2018, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

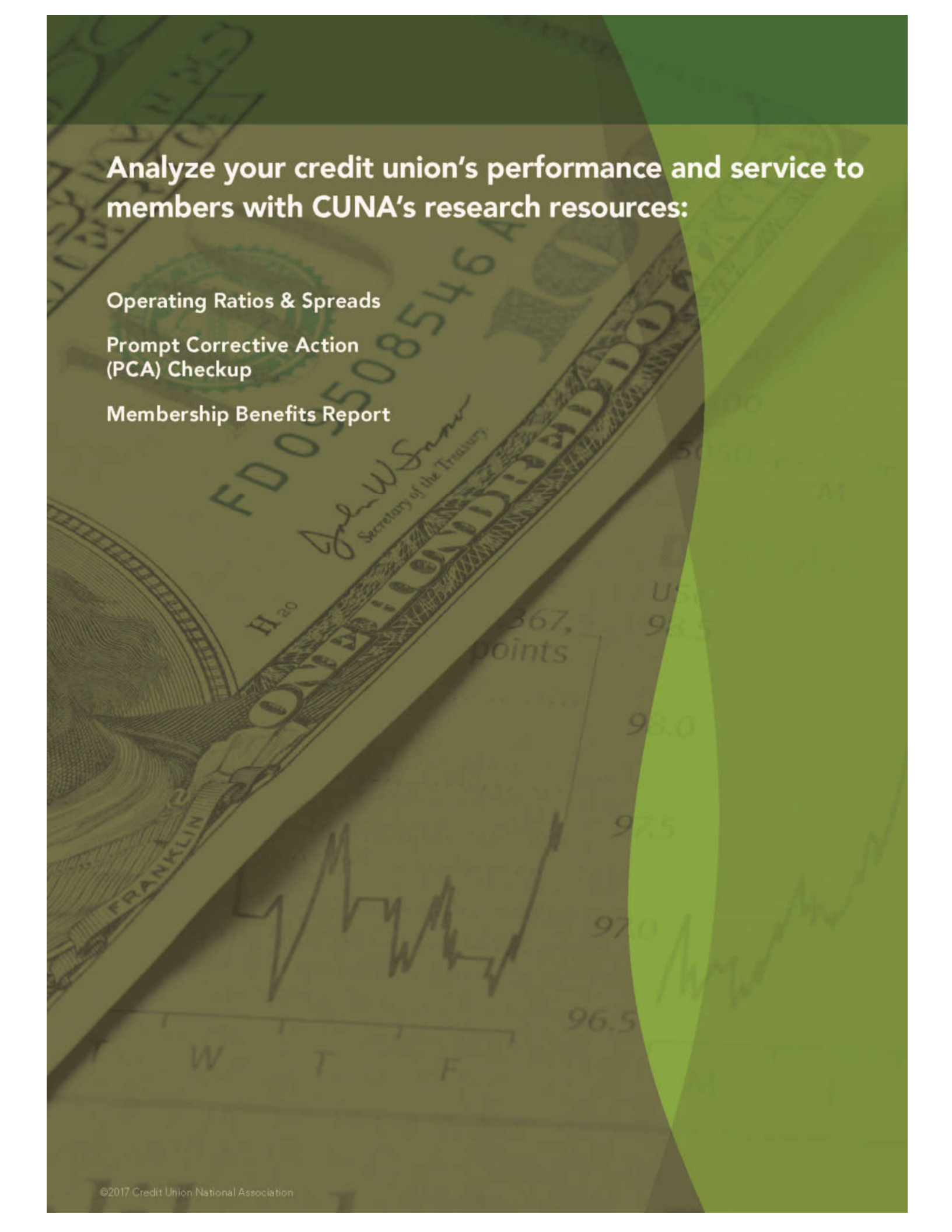
Membership Benefits Report

CUNA Economics and Statistics

Michigan Credit Union Performance Profile

Demographic Information	Dec 19	Dec 18
Number of branches	1,147	1,123
Total assets (\$ mil)	68,879	63,502
Total loans (\$ mil)	47,329	43,992
Total surplus funds (\$ mil)	18,178	16,500
Total savings (\$ mil)	57,932	53,258
Total members (thousands)	5,547	5,399
Growth Rates (Trailing 12 months) *		
Total assets	9.7 %	6.4 %
Total loans	8.8 %	11.1 %
Total surplus funds	11.6 %	-4.8 %
Total savings	10.0 %	5.9 %
Total members	3.8 %	4.3 %
Earnings - Basis Pts. *		
Yield on total assets	400	377
Dividend / interest cost of assets	76	56
Fee & other income	169	165
Operating expense	354	350
Loss Provisions	33	35
Net Income (ROA) after stabilization exp	107	101
Capital Adequacy		
Net worth / assets	12.1	12.1
Asset Quality *		
Delinquencies / loans	0.6	0.7
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	52	42
Bankruptcies per 1000 members	2.1	1.8
Asset/Liability Management		
Loans / savings	81.7	82.6
Loans / assets	68.7	69.3
Long-term assets / assets	38.4	39.0
Core deposits/shares & borrowings	43.1	44.0
Productivity		
Members / potential members	1.3	1.4
Borrowers / members	61.8	61.6
Members / FTE	336	339
Average shares / members (\$)	10,444	9,865
Average loan balances (\$)	13,807	13,222
Salary & Benefits / FTE	73,233	69,673

* 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