

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Maine**

***December 2011***

*Prepared by:*

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Economics and Statistics Department***



# Maine

## *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 Maine credit unions provided \$37,609,696 in direct financial benefits to the state's 613,150 members during the twelve months ending December 2011.

**These benefits are equivalent to \$61 per member or \$117 per member household <sup>(1)</sup>.**

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 Maine 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 Maine credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Maine credit union will save members an average \$243 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.

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

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

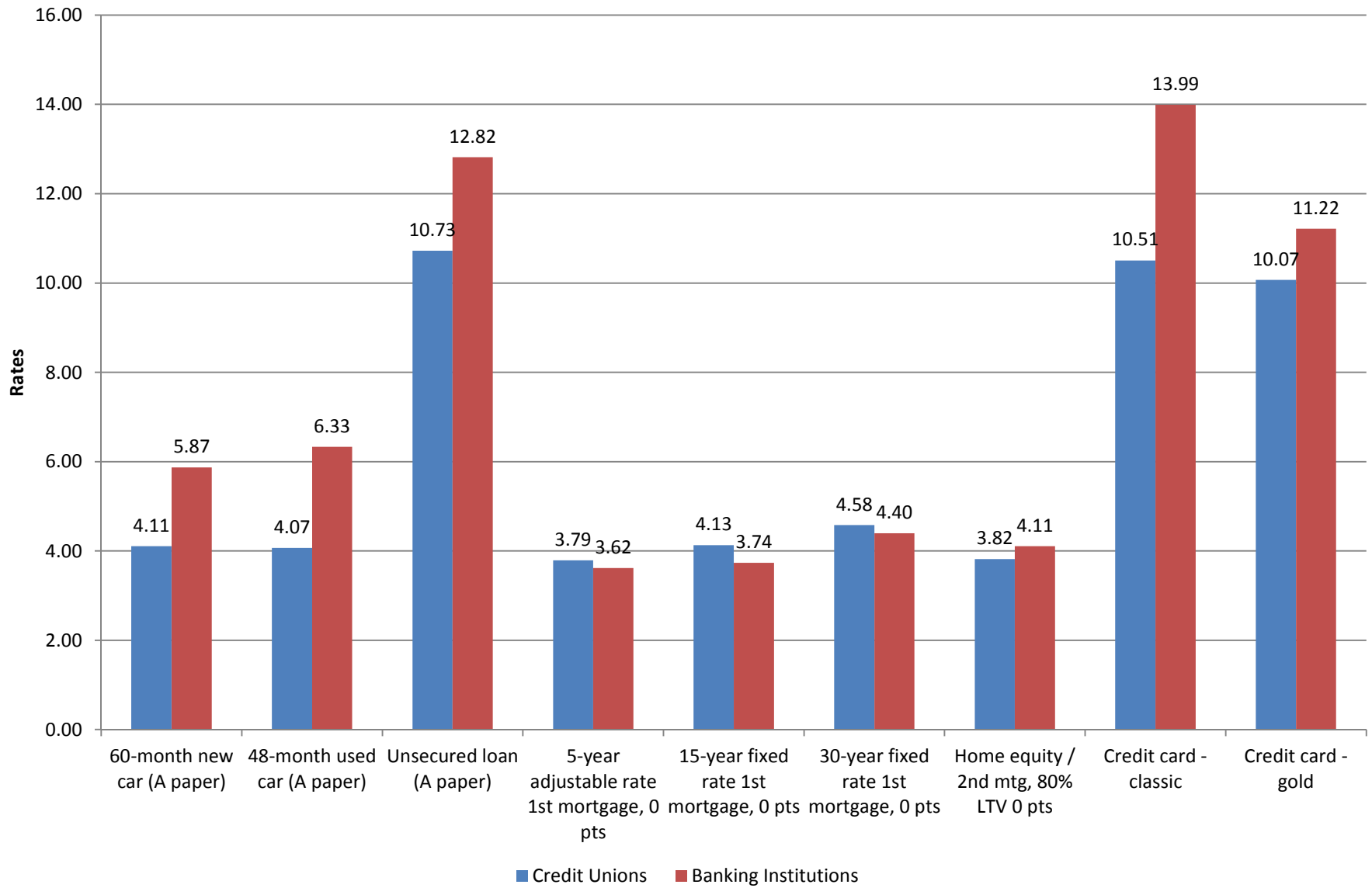


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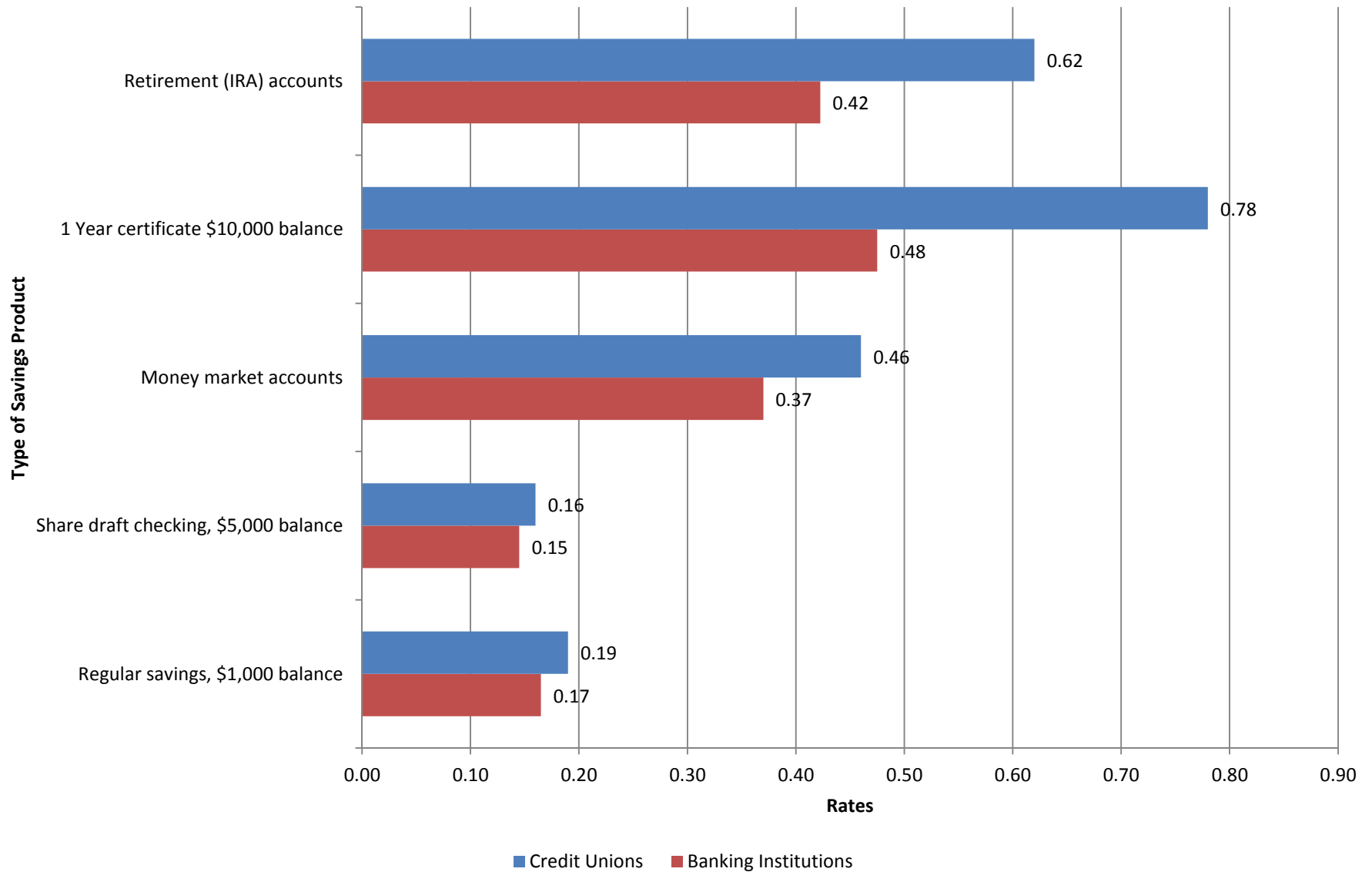
Source: Datatrac, NCUA, and CUNA.

(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 2011 Fees Credit Unions vs Banking Institutions

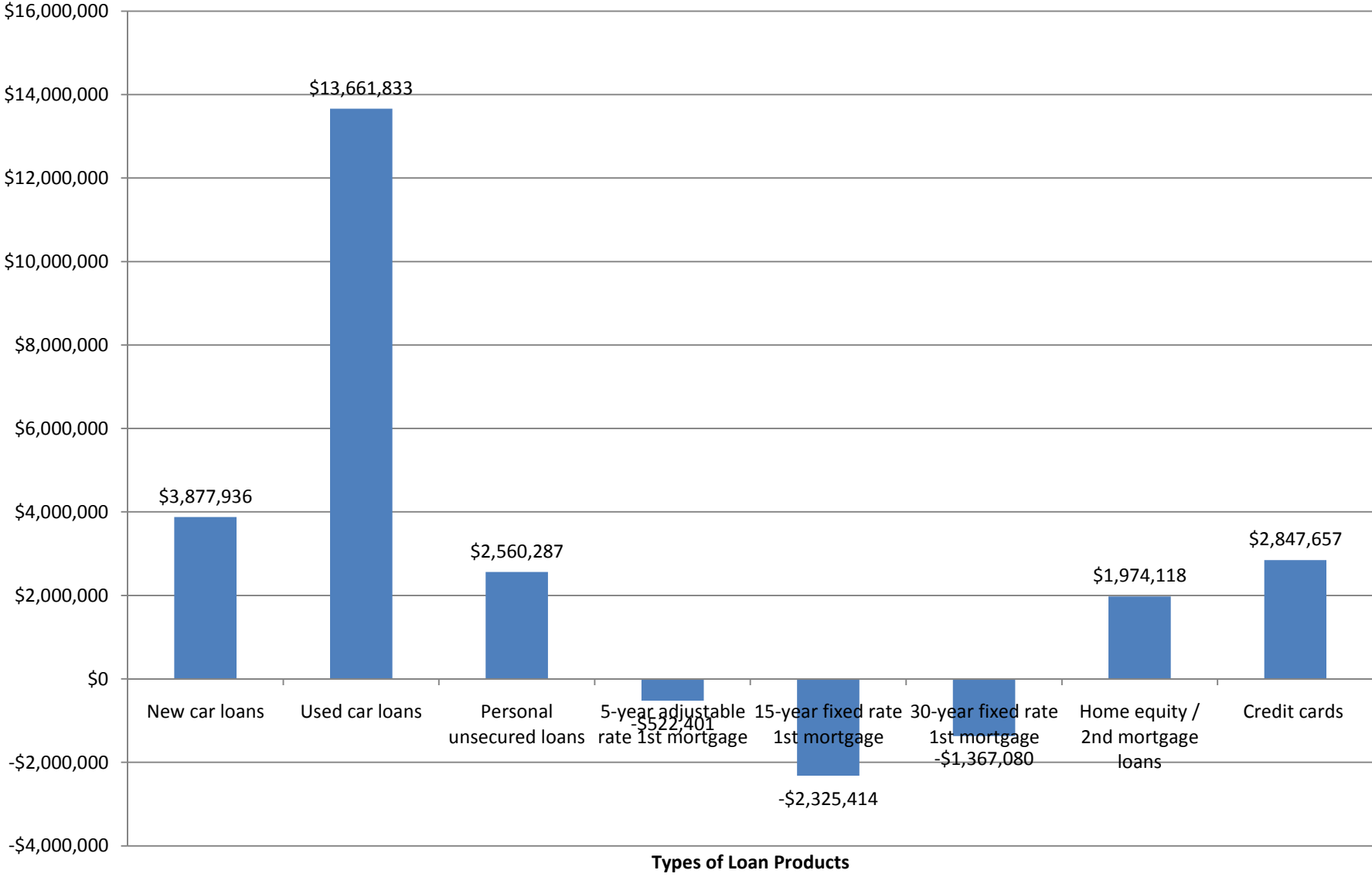


**Maine**  
**Credit Union and Banking Institution**  
**Year-end 2011 Average Interest Rates and Fees**

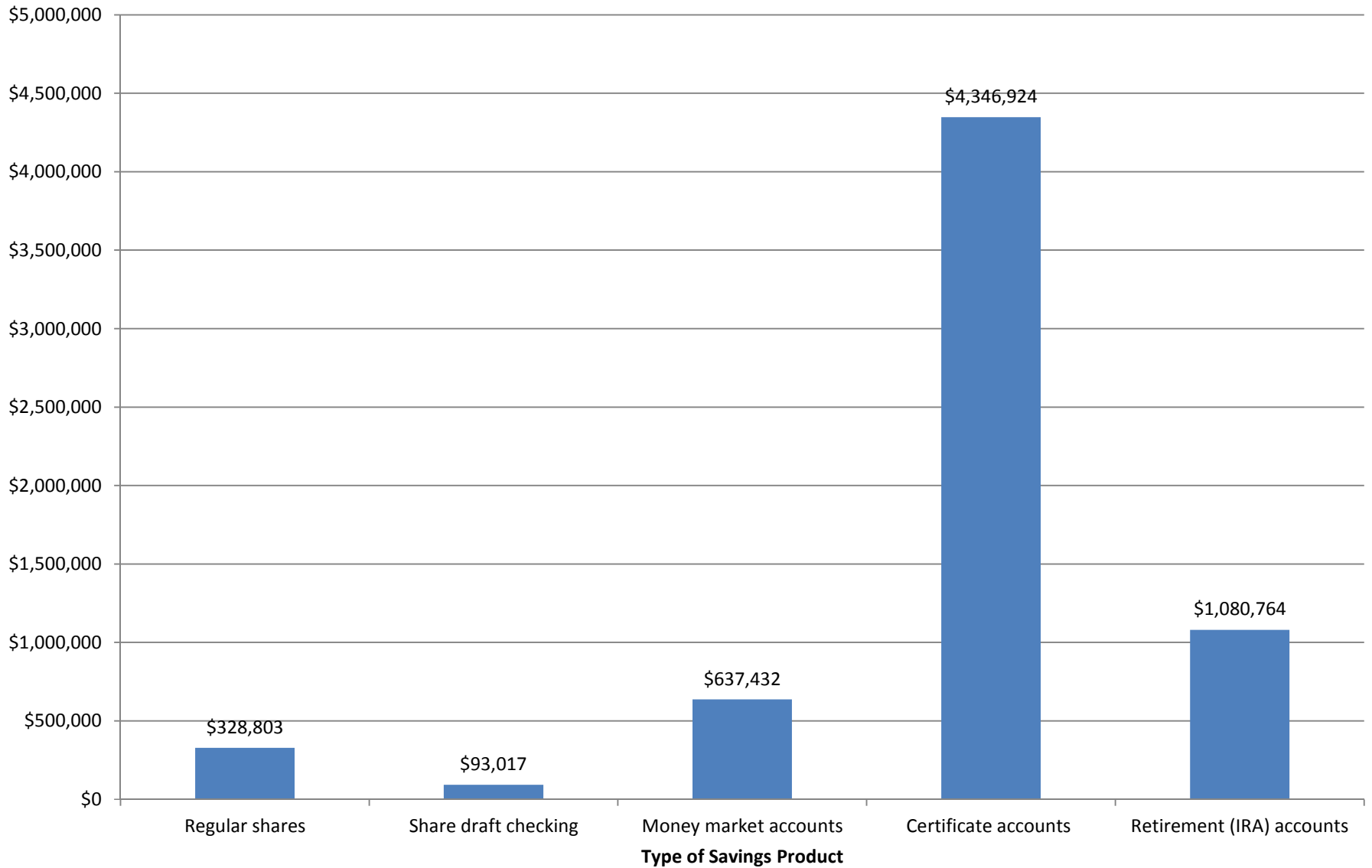
<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	4.11	5.87	-1.77
48-month used car (A paper)	4.07	6.33	-2.26
Unsecured loan (A paper)	10.73	12.82	-2.09
5-year adjustable rate 1st mortgage, 0 pts	3.79	3.62	0.17
15-year fixed rate 1st mortgage, 0 pts	4.13	3.74	0.40
30-year fixed rate 1st mortgage, 0 pts	4.58	4.40	0.19
Home equity / 2nd mtg, 80% LTV 0 pts	3.82	4.11	-0.29
Credit card - classic	10.51	13.99	-3.49
Credit card - gold	10.07	11.22	-1.15
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.19	0.17	0.03
Share draft checking, \$5,000 balance	0.16	0.15	0.02
Money market accounts	0.46	0.37	0.09
1 Year certificate \$10,000 balance	0.78	0.48	0.31
Retirement (IRA) accounts	0.62	0.42	0.20
<b>Fee Income</b>			
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 Total Loan Rate Benefit Credit Unions vs Banking Institutions



## Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



## Estimated Maine Credit Unions Financial Benefits Year-end 2011

### Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Maine Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	219,713,084	-1.77	\$3,877,936
Used car loans	604,505,898	-2.26	\$13,661,833
Personal unsecured loans	122,501,757	-2.09	\$2,560,287
5-year adjustable rate 1st mortgage	307,294,434	0.17	-\$522,401
15-year fixed rate 1st mortgage	588,712,437	0.40	-\$2,325,414
30-year fixed rate 1st mortgage	738,962,031	0.19	-\$1,367,080
Home equity / 2nd mortgage loans	692,672,991	-0.29	\$1,974,118
Credit cards	98,195,085	-3.49	\$2,847,657
Interest rebates in period			\$503,706
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$21,210,643</b>

### Savings

Regular shares	1,315,211,062	0.03	\$328,803
Share draft checking	620,115,459	0.02	\$93,017
Money market accounts	708,257,372	0.09	\$637,432
Certificate accounts	1,425,221,083	0.31	\$4,346,924
Retirement (IRA) accounts	547,222,456	0.20	\$1,080,764
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$6,486,940</b>

### Fee Income

**Total CU member benefit arising from fewer/lower fees:** \$9,912,113

**Total CU member benefit arising from interest rates on loan and savings products and lower fees:** \$37,609,696

**Total CU member benefit / member:** \$61

**Total CU member benefit / member household:** \$117

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2011 and September 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

**Maine  
Performance Profile**

<b>Demographic Information</b>	<b>Dec 11</b>	<b>Dec 10</b>
Number of branches	196	191
Total assets (\$ mil)	5,617	5,396
Total loans (\$ mil)	3,663	3,565
Total surplus funds (\$ mil)	1,656	1,563
Total savings (\$ mil)	4,784	4,620
Total members (thousands)	616	611
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	4.1 %	4.0 %
Total loans	2.7 %	2.4 %
Total surplus funds	6.0 %	6.8 %
Total savings	3.5 %	4.7 %
Total members	0.8 %	0.7 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	423	456
Dividend/interest cost of assets	95	124
Fee & other income	134	141
Operating expense	386	388
Loss Provisions	22	27
Net Income (ROA) after stabilization exp	54	58
<b>Capital adequacy</b>		
Net worth / assets	10.5	10.4
<b>Asset quality *</b>		
Delinquencies / loans	1.2	1.2
Net chargeoffs / average loans	0.3	0.4
Total borrower-bankruptcies	13	13
Bankruptcies per 1000 members	1.3	1.4
<b>Asset/Liability Management</b>		
Loans / savings	76.6	77.2
Loans / assets	65.2	66.1
Long-term assets / assets	40.4	39.4
Core deposits/shares & borrowings	40.9	38.9
<b>Productivity</b>		
Members/potential members	6.2	6.8
Borrowers/members	48.1	48.3
Members/FTE	319	320
Average shares/members (\$)	7,768	7,565
Average loan balances (\$)	12,361	12,097
Salary & Benefits/FTE	52,169	51,592

\* 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.