

The Benefits of Membership

National

June 2011

Prepared by:

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Economics and Statistics Department***



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 \$6,332,177,850 in direct financial benefits to the nation's 91,298,732 members during the twelve months ending June 2011.

These benefits are equivalent to \$69 per member or \$132 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.

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 \$174 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.

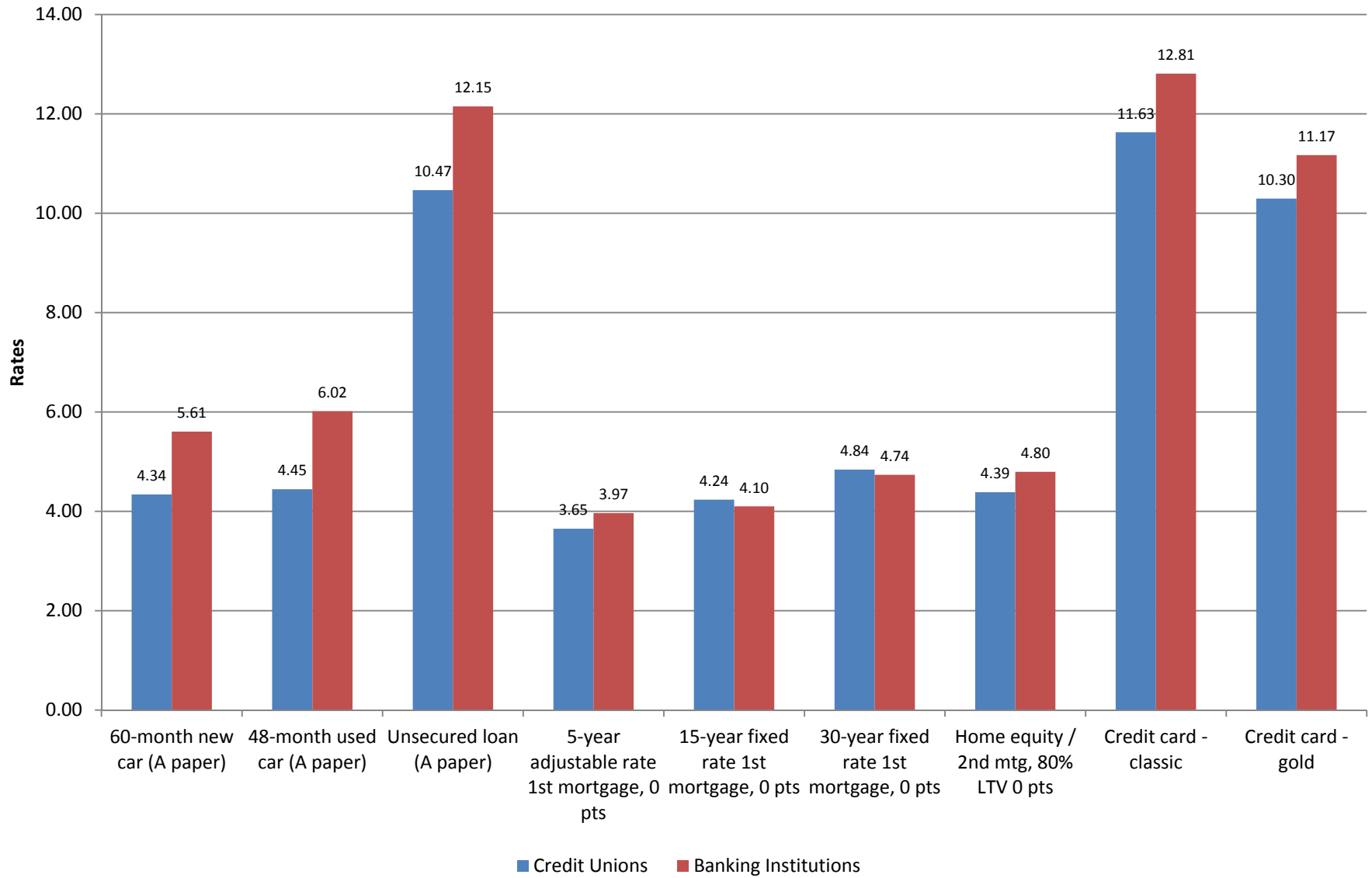
Credit unions excel in providing member benefits on many loan and saving products. In particular, credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-adjustable rate, home equity loans, credit cards loans.

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

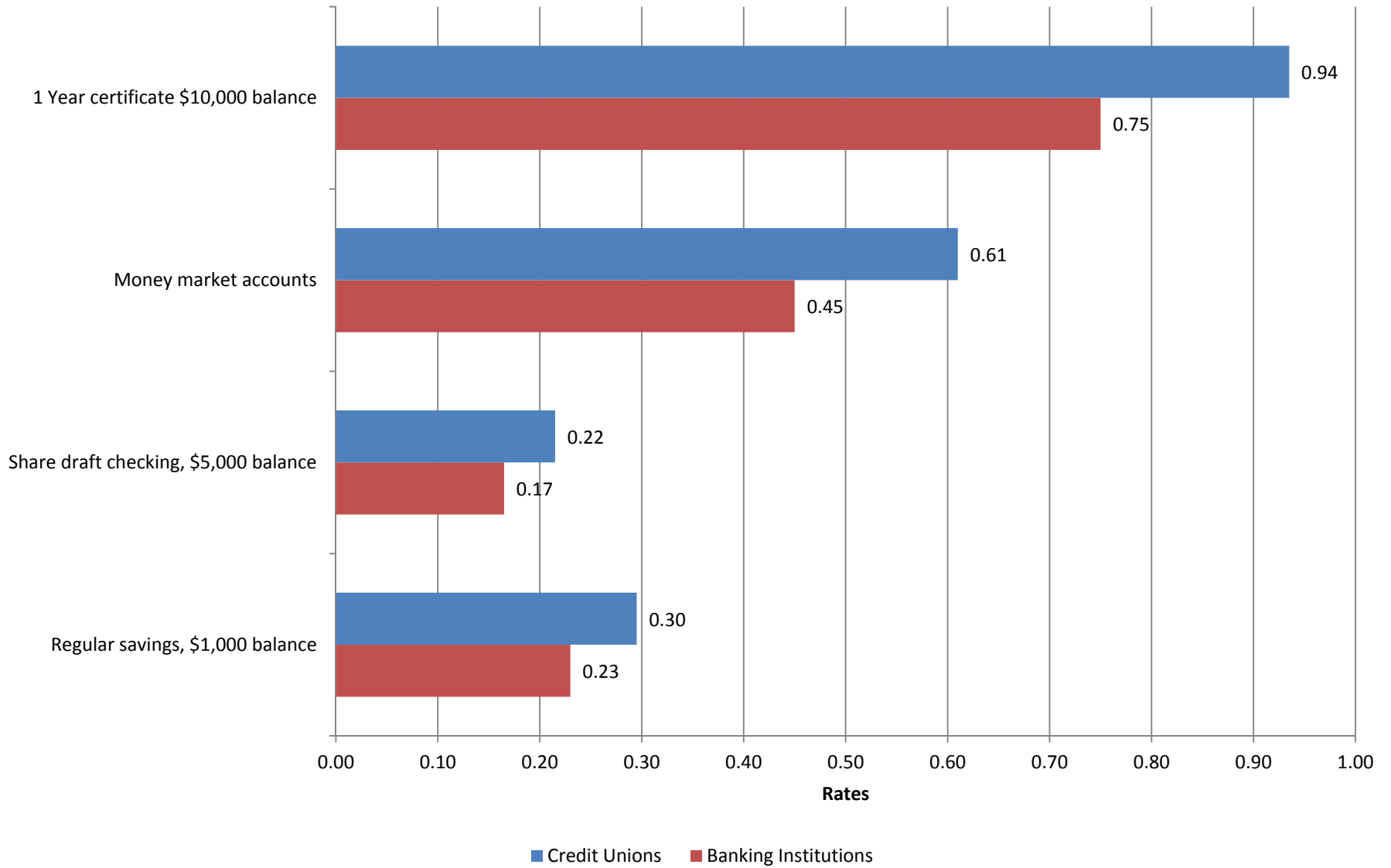


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

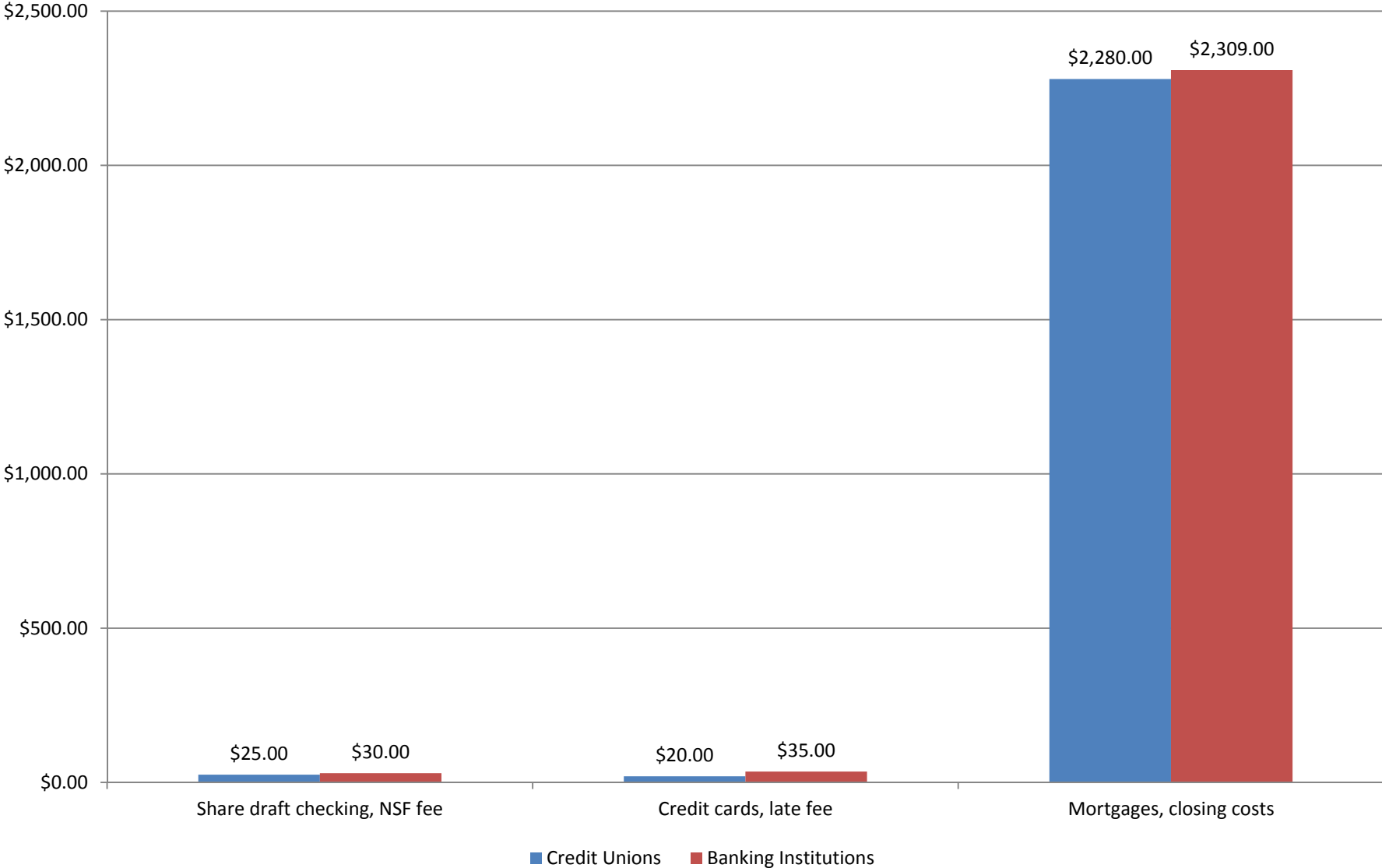
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutio



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



Selected June 2011 Credit Union Fees Compared to Banking Institution

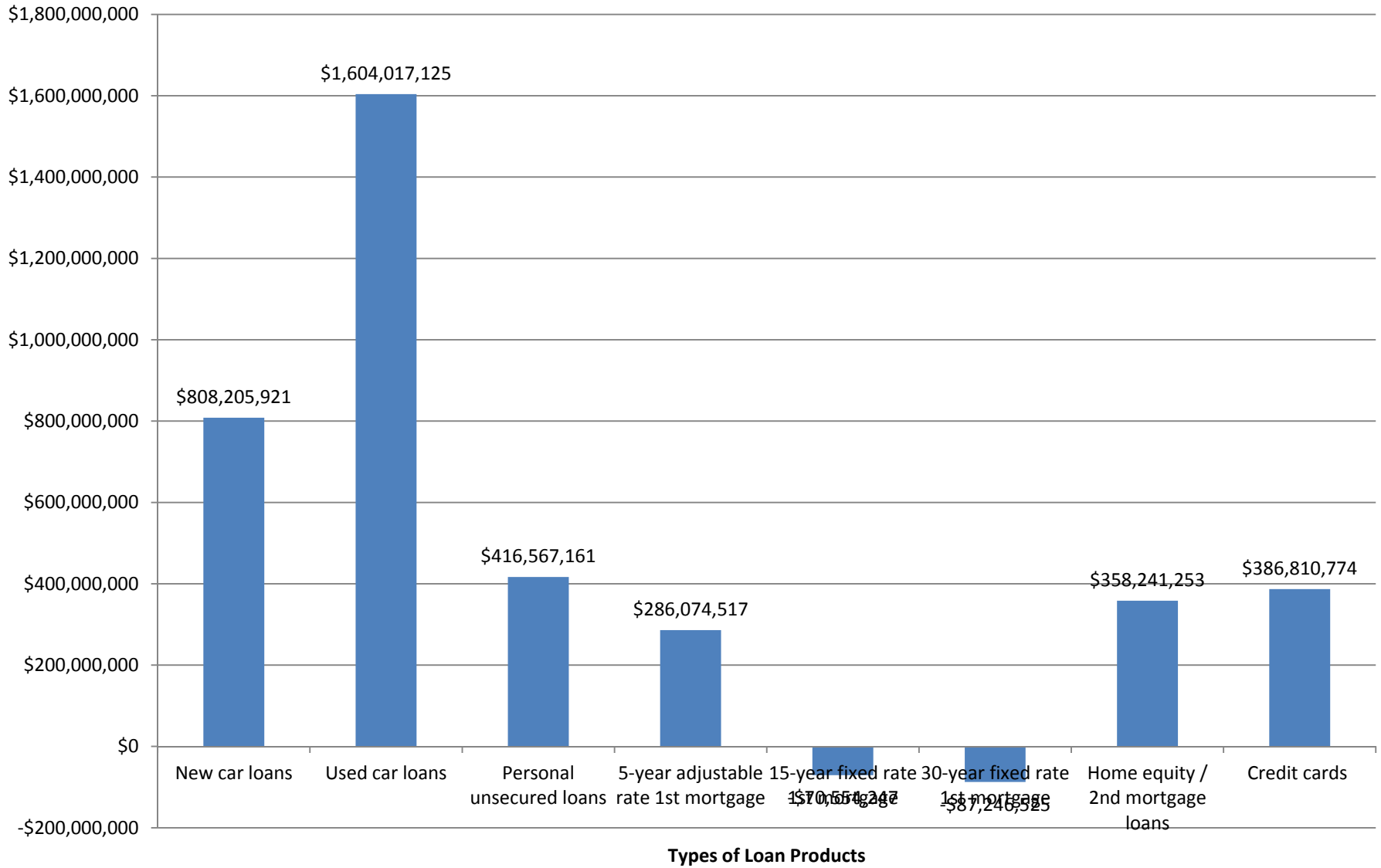


Credit Union and Banking Institution
Mid-Year 2011 Average Interest Rates and Fees

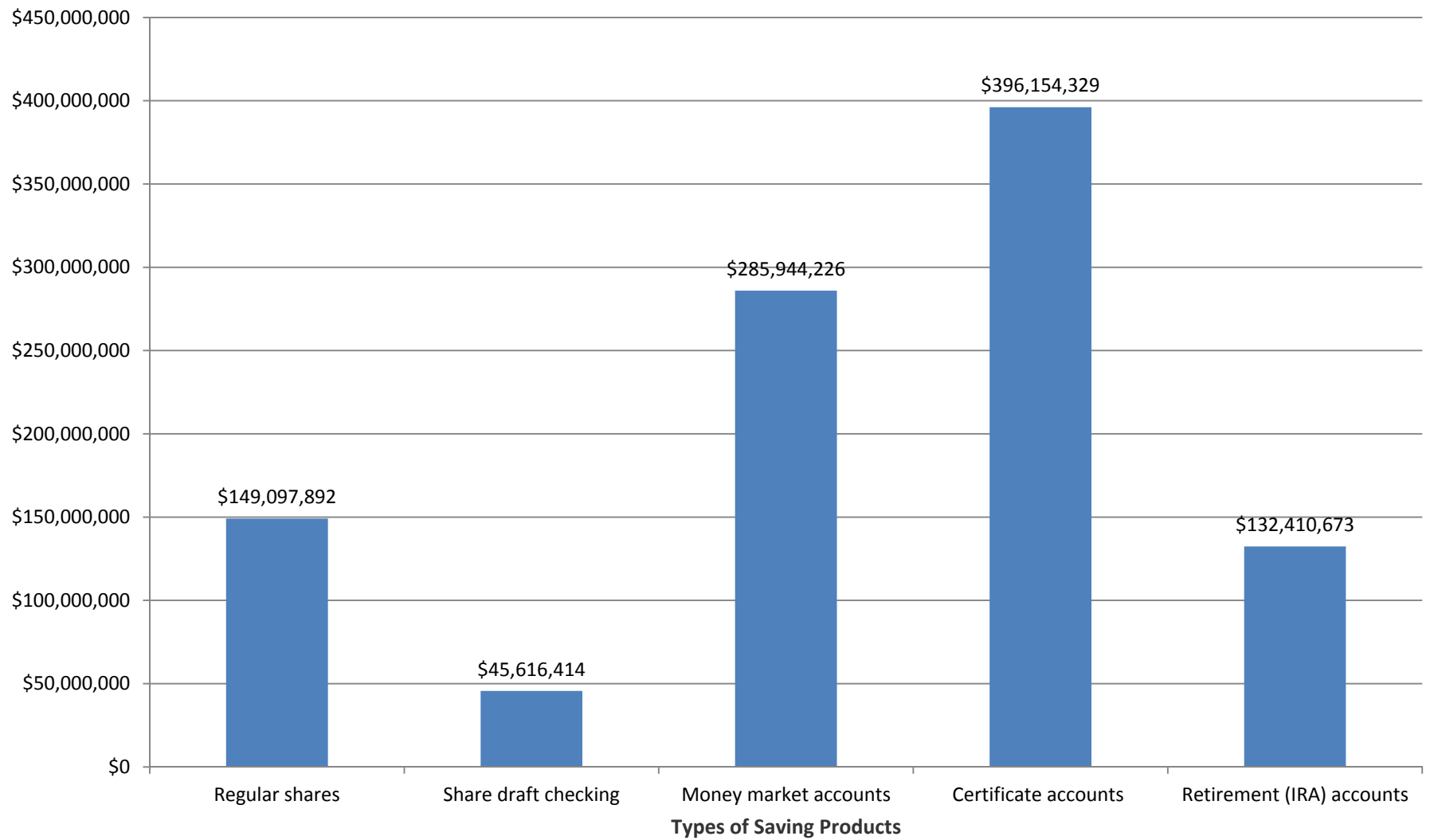
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.34	5.61	-1.27
48-month used car (A paper)	4.45	6.02	-1.57
Unsecured loan (A paper)	10.47	12.15	-1.69
5-year adjustable rate 1st mortgage, 0 pts	3.65	3.97	-0.32
15-year fixed rate 1st mortgage, 0 pts	4.24	4.10	0.14
30-year fixed rate 1st mortgage, 0 pts	4.84	4.74	0.11
Home equity / 2nd mtg, 80% LTV 0 pts	4.39	4.80	-0.41
Credit card - classic	11.63	12.81	-1.18
Credit card - gold	10.30	11.17	-0.88
Savings Products			
Regular savings, \$1,000 balance	0.30	0.23	0.07
Share draft checking, \$5,000 balance	0.22	0.17	0.05
Money market accounts	0.61	0.45	0.16
1 Year certificate \$10,000 balance	0.94	0.75	0.19
Retirement (IRA) accounts	0.77	0.60	0.17
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 June 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Banks (%) (2)	Total Financial Benefit to Members
New car loans	63,889,796,102	-1.27	\$808,205,921
Used car loans	102,166,695,857	-1.57	\$1,604,017,125
Personal unsecured loans	24,722,086,685	-1.69	\$416,567,161
5-year adjustable rate 1st mortgage	90,817,307,053	-0.32	\$286,074,517
15-year fixed rate 1st mortgage	52,262,405,456	0.14	-\$70,554,247
30-year fixed rate 1st mortgage	83,091,928,941	0.11	-\$87,246,525
Home equity / 2nd mortgage loans	87,375,915,323	-0.41	\$358,241,253
Credit cards	35,045,143,756	-1.18	\$386,810,774
Interest rebates in period			\$9,720,129
Total CU member benefit arising from lower interest rates on loan products:			\$3,711,836,107
<u>Savings</u>			
Regular shares	229,381,372,648	0.07	\$149,097,892
Share draft checking	91,232,827,168	0.05	\$45,616,414
Money market accounts	178,715,141,228	0.16	\$285,944,226
Certificate accounts	214,137,475,015	0.19	\$396,154,329
Retirement (IRA) accounts	76,759,810,529	0.17	\$132,410,673
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$1,009,223,534
<u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$1,611,118,209
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$6,332,177,850
Total CU member benefit / member:			\$69
Total CU member benefit / member household:			\$132

Source: Datatrac, NCUA, and CUNA

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

**National
Performance Profile**

Demographic Information	Jun 11	Jun 10
Number of branches	21,421	21,444
Total assets (\$ mil)	954,757	916,096
Total loans (\$ mil)	573,164	576,317
Total surplus funds (\$ mil)	345,464	306,375
Total savings (\$ mil)	823,156	788,643
Total members (thousands)	92,207	91,723
Growth Rates*		
Total assets	4.2 %	3.8 %
Total loans	-0.5 %	-0.9 %
Total surplus funds	12.8 %	14.2 %
Total savings	4.4 %	5.7 %
Total members	0.5 %	0.9 %
Earnings - Basis Pts.		
Yield on total assets	414	454
Dividend/interest cost of assets	96	128
Fee & other income	126	124
Operating expense	316	328
Loss Provisions	51	81
Net Income (ROA) after Stabilization exp	77	40
Capital adequacy		
Net worth / assets	10.1	9.9
Asset quality		
Delinquencies / loans	1.6	1.7
Net chargeoffs / average loans	0.9	1.2
Total borrower-bankruptcies	22	25
Bankruptcies per 1000 members	1.8	2.1
Asset/Liability Management		
Loans / savings	69.6	73.1
Loans / assets	60.0	62.9
Long-term assets / assets	34.3	31.9
Core deposits/shares & borrowings	40.6	38.3
Productivity		
Members/potential members	6.0	6.4
Borrowers/members	49.3	49.8
Members/FTE	386	385
Average shares/members (\$)	8,927	8,598
Average loan balances (\$)	12,616	12,625
Salary & Benefits/FTE	60,636	58,675

*Balance sheet growth rates are for the trailing 12 months.